THE ANNALS

OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE

Regulating Campaign Finance

Special Editors: LLOYD N. CUTLER
LOUIS R. COHEN
ROGER M. WITTEN

July 1986

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PREFACE

Elections to federal office are central to our constitutional form of government, and money has become central to those elections. Campaign finance regulation is therefore an important issue of political and social science.

While agreement can easily be reached on the foregoing propositions, it is exceedingly difficult to find consensus on any other aspect of the subject. Some argue on constitutional and policy grounds that the government should not regulate campaign finance at all, or should only prohibit grossly antidemocratic behavior such as bribery. Others argue that broad campaign finance regulation is necessary to protect the electoral system from actual and apparent corruption and to restore the electorate's confidence in the integrity of elected officials. Supporters of campaign finance regulation often differ widely, however, on the appropriate means for achieving objectives they hold in common.

The debate about campaign finance regulation is not conducted solely at lofty legal and political science levels. The issue is redolent of realpolitik. Incumbent officeholders consider the crucial effect of legislative changes on their relative strength vis-à-vis challengers. Democrats and Republicans consider how regulatory changes might affect their relative strength. Party officials worry about the distribution of power between them and the party's candidates. Interest groups worry about access to officeholders. Business worries about labor and vice versa.

The debate about campaign finance regulation is dominated by legal considerations as well. The First Amendment, of course, protects freedom of speech and association from unjustified governmental intrusion. This protection has its most vital application in the context of federal elections, but all campaign finance regulation affects speech and association in federal campaigns. This produces an inexorable tension between First Amendment values and campaign finance regulations, which the courts have not been successful in resolving in a consistent manner.

This volume presents articles on campaign finance regulation by a distinguished and diverse group of authors. They include practicing politicians, a lobbyist, a judge, an academic, a journalist, and lawyers who practice in the field. The authors attack the issues at all levels—theoretical, practical, and legal—and from widely disparate perspectives.

The first article is by David Adamany, now the chancellor of Wayne State University, who has published widely on the subject of campaign finance. His article, entitled "The New Faces of American Politics," analyzes the impact of campaign finance regulation on American politics and, in particular, on the major parties and political action committees (PACs). Mr. Adamany finds that American politics have become more professionalized, bureaucratized, centralized, and nationalized and that financial constituencies have gained strength at the expense of voting constituencies. Mr. Adamany attributes these changes to factors other than campaign finance laws, however. His fact-filled article sets the stage for the ensuing articles.

The volume next presents two articles that cogently state the case agair campaign finance regulation. In "Political Financing and the Constitution," Jud Ralph K. Winter concludes, principally on constitutional grounds, that there is r compelling justification for regulating the use of money in federal campaigns an accordingly, that most such regulation violates the First Amendment. Judg Winter, currently a member of the United States Court of Appeals for the Secon Circuit, has been an articulate critic of campaign finance regulation both as a la professor at Yale and as a lawyer in landmark campaign finance cases.

Stephen Harder complements Judge Winter's approach in his article, "Politic Finance in the Liberal Republic: Representation, Equality, and Deregulation." Mı Harder is a former political science student and is now a practicing lawyer. H argues, principally from a policy perspective, that the private market for politica finance, left unregulated, should consistently deny any group the market powe necessary to influence either elections or legislators significantly.

The volume next presents a series of articles that take issue with the viewpoints expressed by Judge Winter and Mr. Harder. The first four argue forcefully that additional campaign finance reform legislation is needed to cure current abuses, including the rise of PACs, and to protect the body politic.

In an article entitled "Should There Be Public Financing of Congressional Campaigns?" Senator Charles McC. Mathias recounts disturbing trends in the use of money in elections, based on his experience in the Senate. These observations lead him to advocate the adoption of public financing for congressional elections as a workable solution to these problems.

Former Congressman Richard Bolling, a member of Congress from 1949 until 1982, shares many of the concerns expressed by Senator Mathias. Congressman Bolling concludes that special interest money, in the form of contributions, honoraria, and lobbying efforts, threatens to destroy Congress. He proposes limits on PAC contributions and a radically different form of public financing that would be given to the opponent of a PAC beneficiary in amounts equal to the PAC's contribution.

The president of Common Cause, Fred Wertheimer, next recommends a comprehensive package of legislative reforms that he believes are necessary to cure shortcomings in the current laws. His article, "Campaign Finance Reform: The Unfinished Agenda," focuses on means to control PAC contributions, provide alternative public funding through tax credits or other mechanisms, and curb abuses relating to independent expenditures and soft money.

Two other authors, former Congressman Jonathan Bingham and Lloyd N. Cutler, agree that additional campaign finance reform measures are necessary. They question, however, the efficacy of legislative solutions such as those endorsed by Senator Mathias, Congressman Bolling, and Mr. Wertheimer.

Congressman Bingham proposes an amendment to the Constitution to increase Congress's power to regulate federal election campaigns, notwithstanding the First Amendment. His article, entitled "Democracy or Plutocracy?" argues that a constitutional amendment is needed because Supreme Court decisions too narrowly confine Congress's power to curb campaign finance abuses. Congressman Bingham does not believe public financing for congressional elections is a practical solution.

Mr. Cutler, who served as counsel to President Carter and has been involved as a lawyer in several significant campaign finance cases, takes a different tack. In his article, entitled "Can the Parties Regulate Campaign Financing?" Mr. Cutler argues that the parties have the legal power to bind their candidates to comply with comprehensive campaign finance rules, including expenditure limits that Congress cannot constitutionally impose. His article sketches a model set of party rules on this subject.

Michael S. Berman's article, "Living with the FECA: Confessions of a Sometime Campaign Treasurer," provides a counterpoint to the views of those who advocate increased regulation. From his vantage point as treasurer in the 1984 Mondale campaign and his experience in other campaigns, Mr. Berman pinpoints numerous deficiencies in the current regulatory scheme and the onerous burdens it imposes. These observations lead Mr. Berman to question the overall efficacy of those laws, notwithstanding his endorsement of their objectives.

William C. Oldaker addresses another issue: the performance of the Federal Election Commission in fulfilling its regulatory responsibilities. Mr. Oldaker served as general counsel of the commission. In his article, entitled "Of Philosophers, Foxes, and Finances: Can the Federal Election Commission Ever Do an Adequate Job?" he identifies weaknesses inherent in the commission's structure and deficiencies in the commission's performance of its enforcement responsibilities.

Newton N. Minow and Lee M. Mitchell contribute their insights on an issue that is intertwined with that of campaign finance regulation - the role of television in federal election campaigns. Mr. Minow was chairman of the Federal Communications Commission and is now a lawyer in private practice. Mr. Mitchell is president of The Field Corporation. Their article, "Putting on the Candidates: The Use of Television in Presidential Elections," makes several concrete suggestions for changes that would improve the way candidates use television in campaigns.

Finally, Michael Barone, a journalist for the *Washington Post*, contributes his overview of the state of campaign finance regulation in an article entitled "Campaign Finance: The System We Have." He comments on the patchwork, or custom-crafted, quality of the regulatory landscape and how such custom crafting inevitably leaves the job unfinished. Mr. Barone cites the phenomenon of soft money as an example of a problem that should have been and was thought to have been resolved by current law.

As these fine articles demonstrate, campaign finance regulation is a difficult public policy issue. It provokes strong and conflicting views. Answers that can command a consensus are elusive. These articles will help to inform the ongoing public debate.

LLOYD N. CUTLER
ROGER M. WITTEN

The New Faces of American Politics

By DAVID ADAMANY

ABSTRACT Dramatic changes have occurred in American politics and campaign finance during the past decade. Many attribute these changes to the Federal Election Campaign Act, but modern campaign and fund-raising technology have played a larger role. Together, they may have strengthened national political parties, but they have even more dramatically strengthened political action committees. Politics has also become more professionalized, bureaucratized, centralized, and nationalized. The financial constituency of politics has become more influential; the voting constituency has become increasingly removed from all aspects of politics - except casting ballots -- that influence the outcomes of elections and shape national policy. These developments challenge deeply rooted beliefs about the preeminent role of voters in controlling democratic elections and government.

David Adamany is a graduate of Harvard College and the Harvard Law School. He also holds M.S. and Ph.D. degrees in political science from the University of Wisconsin, Madison, where he served as professor of political science. He is now president and professor of law and political science at Wayne State University. Adamany has had extensive experience in public affairs as a member of the Wisconsin Public Service Commission, chairman of the Wisconsin State Elections Board, and other posts. He is the author of many articles and books on constitutional law, the judicial process, American politics, and campaign finance.

SINCE the enactment of the Federal Election Campaign Act (FECA) of 1971,[1] many observers have sighted dramatic shifts in political power, influence, advantage, and access. Some have attributed these changes to campaign finance laws and current methods of financing politics.

Political parties have been weakened or strengthened in the new world of political money, depending on one's perspective. Political action committees (PACs) have become stronger and influential. Broader citizen participation in politics has been stimulated. The large contributors of yore have disappeared. A new class of money brokers who can raise many contributions in sums of $1000 or $5000 has emerged. Finally, politics has become more centralized, nationalized, and bureaucratized—or so it is said.

THE CONDITION OF POLITICAL PARTIES

An early criticism of the FECA was its purported hostility to political parties. This criticism was part of a broader commentary that American political parties were in precipitous decline.[2] Second thoughts and changes in the law have produced a substantially revised view. The most exuberant is surely Xandra Kayden's: "The biggest winner under the new rules are the two major political parties."[3] A more cautious second thought has been expressed by Michael Malbin: "For the most part, the [FECA] has neither helped nor hurt the parties; it has simply stayed out of their way."[4]

In my view, the FECA was never as hostile to political parties as its critics suggested.[5] Furthermore, the 1979 amendments to the act expanded the role of political parties in campaign finance. From the outset, political parties received favorable treatment by the FECA's contribution and expenditure limits. For example, they may receive $20,000 contributions annually from individuals while nonparty committees may receive only $5000.

Similarly, parties may make substantially greater contributions to candidates than the $1000 allowed to individuals and $5000 permitted for nonparty committees. Under complex rules, national party and congressional campaign committees can each contribute $5000 to House candidates in both the primary

1. Federal Election Campaign Act of 1971, Pub L No 92-225, 86 Stat 3 (1972), Revenue Act of 1971, Pub. L. No 92-178, 85 Stat 497, as amended, 87 Stat. 138 (1973); Federal Election Campaign Act Amendments of 1974, Pub L No 93-443, 88 Stat. 1263, Federal Election Campaign Act Amendments of 1976, Pub. L. No. 94-283, 90 Stat. 475; and Federal Election Campaign Act Amendments of 1979, Pub. L. No. 96-187, 93 Stat. 1339.

2. See, for instance, William J Crotty and Gary C. Jacobson, *American Parties in Decline* (Boston. Little, Brown, 1980); Jeane J. Kirkpatrick, *Dismantling the Parties* (Washington, DC: American Enterprise Institute, 1978), Austin Ranney, "Political Parties: Reform and Decline," in *The New American Political System*, ed. Anthony King (Washington, DC American Enterprise Institute, 1979), pp. 213-48.

3 Xandra Kayden, "Effects of the Present System of Campaign Financing on Special Interest Groups" (Paper delivered at the Conference on Presidential Primaries, Gerald R Ford Library, University of Michigan, Ann Arbor, MI, 24-26 Apr 1985), p 2

4. Michael Malbin, "What Should Be Done about Independent Campaign Expenditures?" *Regulation*, 6:41, 45 (1982).

5 David Adamany, "Political Finance and the American Political Parties," *Hastings Constitutional Law Quarterly*, 10:463, 525-30, 562-65 (Spring 1983); idem, "Financing Political Parties in the United States," in *Parties and Democracy in Britain and America*, ed. Vernon Bogdanor (New York: Praeger, 1984), pp 153, 169-74, 178-79.

and the general election, for a total of $20,000. State party committees and their local units can each add $5000 in each election. Under a 1981 Supreme Court decision, the national party can act as an agent for the state party, thus allowing the national party—which may have greater resources—to spend the full $20,000. Both national and state political parties can also collaborate with candidates to spend—as what are called coordinated expenditures—up to $20,200 in 1984 dollars; the figure is indexed for inflation.

In Senate campaigns, national parties can give an aggregate of $17,500 while state party committees and their local units can contribute $10,000—$5000 in both the primary and general elections. Vastly more important are the coordinated spending provisions in Senate contests: national party committees can contribute the greater of $20,000 or $.02 per person of voting age within the state, and these limits are adjusted for inflation. State and local committees can spend similar amounts, and the national party can again act as an agent for them. In 1984, coordinated expenditure limits ranged from $40,400 in the smallest states to $752,409 in California. These amounts are doubled when both the national and state parties—or the national parties acting as state party agents—spend up to the limit.

Public financing of presidential campaigns was initially controversial because it appeared to exclude parties from their traditional role. But each national party can make coordinated expenditures of $.02 per voting-age person, adjusted for inflation. These came to $6.9 million in 1984. The parties may also help candidates raise amounts equal to 20 percent of their expenditure limit, to pay fund-raising costs, and whatever additional private funds are necessary to comply with the FECA. Since the FECA excludes all contributions from individuals and nonparty committees to publicly funded presidential candidates in the general election, the parties have become special players in presidential campaigns.

The 1979 amendments to the FECA opened another broad avenue for party expenditures. State and local party committees are permitted to spend unlimited amounts for grass-roots activity on behalf of both congressional and presidential candidates. In addition, they can spend unlimited amounts for registration and get-out-the-vote activities on behalf of presidential candidates; parties may make unlimited expenditures for party-building and voter-mobilization activities that do not directly advocate the election of federal candidates. Such funds—called soft money—surely have a strong, favorable impact on party candidates by strengthening overall party efforts and getting committed partisans to the polls.

The usefulness of state and local party activities under the 1979 amendments and of their soft-money campaigning is evidenced by the sums spent and by the vigor with which national party leaders have urged contributors to channel money to state and local parties for these purposes. In 1980, Republican state and local party committees apparently spent $15 million for these activities, while Democratic groups spent only $4 million.[6] Preliminary estimates for 1984 suggest that Republicans raised about $10.6 million while Democrats amassed either $9.4 million or $5 million, depending on whether one credits

6. Herbert E. Alexander, *Financing the 1980 Election* (Lexington, MA: Lexington Books, 1983), pp. 113-14.

official Democratic National Committee reports or the private estimates of campaign officials.[7]

It has also been suggested that public funding of presidential prenomination campaigns has weakened the role of party leaders and organizations, by removing their candidates' financial reliance on them. Prenomination public funding is awarded under complex rules that provide for governmental matching of individual contributions up to $250. The FECA does not bar party leaders or party organizations from raising or contributing funds to candidates during the prenomination campaigns. Indeed, the matching-fund provision might make party activists more important, since each candidate must seek a broad base of small contributions and the party leadership is presumably already organized for such fund-raising. In any case, party organizations themselves—except for a few traditional political machines, such as those in Chicago or Pittsburgh—have not generally been deeply involved in prenomination campaigns in the post-World War II era.

A somewhat more plausible complaint might be that the public funding provisions have encouraged states to adopt the primary system of selecting national convention delegates, thus shifting influence from party leaders and activists to voters at large. It is doubtful whether there is much public sympathy for this complaint. In any case, the trend toward primaries was already very strong before the advent of public financing.[8]

One additional aspect of the FECA bears strongly and favorably on political parties: the public funding of national nominating conventions. In 1984 the FECA allowed each party $8.1 million, a sum that is adjusted for inflation. This grant reduces reliance on private contributors and allows parties to use their campaign funds for direct political action, which strengthens their ability to engage in campaign activities that strengthen their links to both the electorate and the party's candidates.

Perhaps the proof of the FECA's impact on parties is in their spending. Table 1 shows the net disbursements of national, state, and local party committees that are required to report to the Federal Election Commission. Many state and local parties do not report, and soft-money activities that benefit national campaigns are not included.

The increase in party spending from $112.8 million to $384.1 million in eight years easily outdistances increases in the consumer price index, which increased by 59 percent from 1978 through June 1984, and in congressional campaign receipts, which increased by 100 percent.[9] The political parties' finances appear, indeed, to signal their robust good health.

If parties have grown financially stronger, however, it appears largely unrelated to the FECA. The central fact of party finance is new technology, especially mass-mail appeals. The Republicans especially have become masters of

7 Herbert E. Alexander, "American Presidential Elections since Public Funding, 1976-1984" (Paper delivered at the Twelfth World Congress of the International Political Science Association, Paris, France, 15-20 July 1985, revised Mar. 1985), pp. 29-31.

8. A majority of the delegates to the national conventions of both major political parties were already being elected in primaries in 1972, before the public financing provisions of the FECA took effect in 1976. See Ranney, "Political Parties. Reform and Decline," p. 218.

9. Reports of receipts and expenditures by political parties, candidates, and political action committees throughout this article are derived from standard reports by the Federal Election Commission unless otherwise noted.

TABLE 1
EXPENDITURES BY NATIONAL, STATE, AND LOCAL POLITICAL PARTY COMMITTEES, 1978-84 (Millions of dollars)

	1977-78	1979-80*	1981-82	1983-84*
epublicans				
Amount	$85.9	$156.4	$213.9	$295.0
Percentage	76.2%	83.4%	84.2%	76.8%
emocrats				
Amount	$26.9	$31.2	$40.0	$89.1† ($76.2)‡
Percentage	23.8%	16.6%	15.8%	23.2%
otal	$112.8	$187.6	$253.9	$384.1
isparity†	$59.0	$125.2	$173.9	$205.9 ($218.8)‡

SOURCE "FEC Reports Democrats Narrowed the Financial Gap in 1984 Party Activity" ress release, Federal Election Commission, 7 May 1985)

*Omits party expenditures of federal subsidies for the operation of party conventions.

†Includes $12.9 million of loan repayments.

‡Excludes Democratic loan repayments from Democratic expenditure totals.

ıodern fund-raising technology. The epublican National Committee reported ıat in 1984 it received $1.6 million in ontributions from 920,000 contributors hose average gift was $37.50.[10] Democratic fund-raising lags well behind, ecause Democratic incumbency in the Vhite House and Congress until 1980 apped the Democratic national party's etermination to employ new fund-raisıg techniques. In 1981, the Democratic ational party's contributor list numered only 25,000, and the party had aised only $2.5 million—of its $15.1 nillion total—from direct mail.[11] In 984, the Democrats claimed about 50,000 direct-mail donors.[12]

10. Republican National Committee, *1984 hairman's Report: Leadership That's Working* Washington, DC: Republican National Committe, n d), p. 8

11. David Adamany, "Political Parties in the 980s," in *Money and Politics in the United tates*, ed Michael Malbin (Chatham, NJ: Chatam House, 1984), pp. 70, 77-78.

12. Democratic National Committee, *The emocratic National Committee, 1981-1985: Buildıg for the Future* (Washington, DC: Democratic lational Committee, 1984), p 30.

The emphasis on small gifts has not, of course, precluded either party from seeking financial support in larger sums.[13] Both parties have a wide array of donor groups, such as the President's Club, for the Republicans, and the Business Council, for the Democrats.

The dramatic increase in the financial prowess of political parties has been highly uneven, however. The Republicans have moved toward financial strength in giant steps; the Democrats only by half paces. Table 1 shows that Republican Party committees outspent their Democratic foes by margins of between three to one and four to one in the four elections listed. The dollar margin of Republican Party spending may be an even better measure of GOP dominance. The Republicans outspent the Democrats by $59 million in 1978; the GOP spending advantage rose to $218.8 million in 1984, omitting loans from the Democratic total.

Table 2 shows that parties have also been active in funding congressional

13. Adamany, "Political Parties in the 1980s," pp. 76-78.

TABLE 2
DIRECT PARTY FINANCIAL SUPPORT FOR CONGRESSIONAL CANDIDATES (Millions of dollars)

	1980	1982	1984
Democrats			
House			
Party support*	$1.3	$1.7	$3.1
Percentage of total†	2.1%	1.9%	3.1%
Senate			
Party support*	$1.6	$2.9	$4.7
Percentage of total†	3.9%	4.6%	6.5%
Republicans			
House			
Party support*	$5.7	$9.9	$10.5
Percentage of total†	9.4%	10.7%	11.7%
Senate			
Party support*	$6.1	$9.3	$7.5
Percentage of total†	15.1%	14.9%	8.8%

SOURCES For 1980, "FEC Releases Final Statistics on 1979-80 Congressional Races" (press release, Federal Election Commission, 7 Mar 1982), for 1982, "FEC Releases Data on 1981-82 Congressional Spending" (press release, Federal Election Commission, 2 May 1983); for 1984, "FEC Releases Report on 1984 Congressional Races" (press release, Federal Election Commission, 16 May 1985)

NOTE General election candidates only.

*Direct party contributions to candidates plus coordinated party expenditures to advocate their election

†Percentage of the sum of total candidate expenditures plus party expenditures to advocate the candidates' election.

candidates. On the other hand, the percentage of campaign support provided directly by political parties is still smaller than the portion provided by individuals or PACs.[14]

Beyond direct financial support is a wide array of other party activities. Republicans have recruited candidates, provided extensive training for candidates and their campaign staffs, developed media spots and news releases, supplied research on issues, fielded staff advisers and political consultants, and assisted through an impressive variety of other imaginative campaign efforts.[15]

The Republican National Committee has reported that in 1984 it employed direct mail, door-to-door canvassing, and telephone contact to enroll 4 million new Republican voters and to reach 15 million households by telephone to get out the vote; it brought the GOP message to 10 million households by mail and 4.5 million by door-to-door canvassing. In addition, national Republican committees purchased institutional or generic advertising on behalf of the Republican cause costing $11.8 million. An additional $850,000 was spent for advertising in conjunction with state and local party units. Republicans staffed eight regional offices that gave technical assistance to party organizations and candidates.[16]

14. Gary C. Jacobson, "Money in the 1980 and 1982 Congressional Elections," in *Money and Politics in the United States*, ed. Malbin, pp. 38, 39.

15. Adamany, "Political Parties in the 1980s,"

16. Republican National Committee, *1984*

Democratic national party activity has tended to follow the pattern of Republican efforts, but on a much smaller scale.[17] After losing the presidency and the Senate, the Democrats made substantial new efforts to expand their contributor base and their financial resources. They also made renewed efforts to build up their party organization and to assist candidates. Training programs for candidates and campaign managers reached about 5000 Democrats between 1981 and 1984. The Democratic National Committee has also sponsored generic advertising critical of the Republican administration. There were Democratic efforts to identify and register voters, but they were hampered in 1984 by a shortage of early money.[18]

Extensive appraisals of state and local party organizations also showed little decline in overall vitality from the 1960s to 1980.[19] The number of state party organizations with professional staff increased, for example. So did state party fund-raising. At the local level, basic party structures appeared intact. Moreover, local parties reported considerable activity in recruiting candidates, circulating literature, advertising, getting out the vote, and other traditional campaign efforts.[20] Local party structures and activities showed no decline, and perhaps slight improvement, between 1980 and 1984, despite the rush of both parties at the national level toward centralized party operations and technology.[21]

In short, it is not evident that the FECA has undermined political parties. Changing campaign technology has dramatically altered the environment within which political parties operate. For their part, however, the parties have shown a capacity to employ new technologies to raise money, and they have found new roles to play in assisting candidates, promoting party issues, and mobilizing voters. American parties—never organizationally strong in the post-World War II period—are probably no weaker today than two decades ago. Moreover, some commentators believe they are more vigorous now, having adapted to significant changes in political technology and in society. In any case, their present weaknesses are not new, nor can their condition be easily connected to changes in campaign finance regulations.

THE EMERGENCE OF PACs

If the FECA has had relatively little effect on political parties, it has chartered and stimulated PACs. The number of PACs, their financial strength, and their role in campaigns have grown dramatically during the past decade.

There have, in fact, been two different factors in PAC growth. The FECA is one. Modern fund-raising technology—especially mass-mail appeals—is the other. The impact of these factors has been very different for different kinds of PACs.

The FECA is a charter for institutional, or connected, PACs. These are

17. Adamany, "Political Parties in the 1980s," pp. 85-93, 96-101.

18. Democratic National Committee, *Democratic National Committee, 1981-1985*, p. 34; Thomas B. Edsall, "Flush with Cash, GOP Looks to High-Tech Races in 1986," *Washington Post*, 8 May 1985.

19. Cornelius P. Cotter et al., *Party Organizations in American Politics* (New York: Praeger, 1984), chaps. 2, 3.

20. Ibid., p. 45.

21. James L. Gibson et al., "Party Dynamics in the 1980s: Changes in County Party Organizational Strength 1980-1984" (Paper delivered at the Annual Meeting of the Midwest Political Science Association, Chicago, IL, 17-20 Apr. 1985).

the PACs associated with corporations, labor unions, and other entities. In 1971, the FECA authorized such entities to use their own treasury funds to establish and administer, as well as to solicit funds for, "separate segregated funds"—that is, PACs. Most large unions and corporations, which held government contracts, were freed to create PACs when, in 1974, the FECA was amended to abolish the restriction that government contractors, including unions and corporations, could not form separate segregated political funds. One commentator has argued that these provisions of the FECA added legitimacy to corporate political participation, which had become suspect both to the public and to corporate leaders in the aftermath of Watergate-related convictions of corporations and their officers.[22]

The FECA specifies complex procedures for connected PACs to raise money. While these rules do not prohibit connected PACs from soliciting the general public, this is rarely done. Instead, connected PACs raise money from members of labor unions, management personnel of corporations, or other people formally associated with the parent entity.

By contrast, public appeals are the principal vehicle for fund-raising by nonconnected, or independent, PACs. They were legally free to operate even in the absence of the FECA, although the applicable limits on their contributions to candidates were different. The critical factor in the development of independent PACs was not the FECA, as it was for connected PACs, but rather the development of computer-based, mass-mail appeals for money. Their major charter for political action comes not from the FECA's authorization to make campaign contributions, which always were legally authorized. Instead, it derives from the Supreme Court's decision that no restrictions can be imposed on PAC spending on behalf of a candidate—even though they can be imposed on contributions—as long as those independent expenditures were not made in cooperation with the candidate.[23]

Despite the difference between connected and nonconnected PACs, their fund-raising techniques and profiles are remarkably similar. All, except organized-labor PACs, use direct-mail appeals more than any other fund-raising method. The next most preferred method is personal solicitation. For unions, the preference for these techniques is reversed.[24]

Although PACs can receive contributions of up to $5000, all PACs rely principally on small contributions. A 1982 survey of 399 PACs showed that the average donation for all types of PACs was $100, ranging from $160 for corporate PACs to $14 for labor PACs.[25] Participation rates for individual PACs vary widely; one study reports rates as low as 10 percent and as high as 90 percent.[26] Several corporate studies indicate responses to fund appeals in the

22. Edwin M. Epstein, "Business and Labor under the Federal Election Campaign Act of 1971," in *Parties, Interest Groups, and Campaign Finance Laws*, ed. Michael Malbin (Washington, DC: American Enterprise Institute, 1979), pp. 107, 146-47.

23. *Buckley* v. *Valeo*, 424 U.S 1, 54-59 (1976); *Federal Election Commission* v. *National Conservative Political Action Committee*, 53 U.S.L.W. 4293 (1985).

24. Larry Sabato, *PAC Power* (New York: W. W. Norton, 1984), p. 54.

25. Ibid., p. 59.

26. Frank J. Sorauf, "Political Action Committees in American Politics: An Overview," in *What Price PACs?* (New York: Twentieth Century Fund, 1983), pp. 28, 70.

30 percent range.[27] Institutional PACs of all kinds report participation rates of 25 to 32 percent, but nonconnected PACs, which engage in large-scale mass-mail appeals, have received support from only about 3 percent of those solicited.[28]

The dramatic surge of PAC power is demonstrated on one dimension by the gross characteristics of the PAC world. Table 3 shows that the number of PACs increased from 608 in 1974 to 4009 by the end of 1984. Table 4 reports an 1162 percent increase in PAC disbursements during the same decade, from $21 million to $265 million. Reported PAC disbursements do not include expenditures from treasury funds by unions and corporations to operate and administer their PACs; in 1980, Herbert Alexander estimated these expenditures at $30 million.[29]

A different dimension of PAC growth is political contributions and activity. Table 5 shows that total PAC contributions to general election candidates increased from $8.5 million in 1972 to $102.3 million in 1984 and from 13.7 percent of total general election candidate receipts to 28.9 percent. These contribution figures do not include independent expenditures. In 1983-84, $23.4 million was spent independently, with PACs making more than 90 percent of those expenditures. The contribution figures also do not include communication costs by unions and corporations advocating the election or defeat of candidates; very preliminary estimates by the staff of the Federal Election Commission in May 1985 set these expenditures at $4.4 million. Finally, political contributions do not reveal the large sums spent for nonpartisan registration and get-out-the-vote drives or for political education materials that do not explicitly endorse or oppose candidates.

The PAC share of total contributions tends to understate the full impact of PAC support for candidates. Although the pattern of PAC contributions is enormously complex, it is clear that PACs generally support safe incumbents and that, in hotly contested races pitting a promising challenger against an incumbent or in districts where there is no incumbent, PACs generally support candidates whose party or ideology they share.[30] Hence, Frank Sorauf has shown that between 60 and 68 percent of PAC contributions in House races went to incumbents in the 1978, 1980, and 1982 elections. Between 48 and 64 percent of PAC gifts in Senate campaigns also went to incumbents.[31] This pattern repeats itself in 1984, when incumbent senators received 62.9 percent of the PAC contributions to general election candidates, while incumbent members of the House received 67.6 percent of the PAC general election gifts.

Consequently, the share of incumbents' contributions derived from PACs is very high. While PACs accounted for 18.8 percent of the receipts of Senate general election candidates, they were the sources of 28.9 percent of the receipts of Democratic incumbents and 21.6 percent of the funds of Republican incumbents. These patterns are even more pronounced in the House. In 1984, PAC funds constituted 36.5 percent of all House general election contributions. For incumbents, however, they

27. Ibid., p. 70.

28. Sabato, *PAC Power*, p 59.

29 Alexander, *Financing the 1980 Election*, p 131.

30. Sabato, *PAC Power*, pp. 73-78.

31. Sorauf, "Political Action Committees in American Politics," p. 45

TABLE 3
GROWTH OF POLITICAL ACTION COMMITTEES SINCE 1974 BY TYPE

Type	1974	1976	1978	1980	1982	1984
Corporate	89	433	785	1,206	1,469	1,682
Labor	201	224	217	297	380	394
Trade, membership, or health	318*	489*	453	576	649	698
Nonconnected			162	374	723	1,053
Cooperative			12	42	47	52
Nonstock corporation			24	56	103	130
Total	608	1,146	1,653	2,551	3,371	4,009

SOURCE "FEC Says PACs Top 4,000 for 1984" (Release, Federal Election Commission, 28 Jan. 1985).

NOTE: Number of committees is tallied as of 31 December of the years shown.

*Includes all categories of political action committees except corporate and union groups.

accounted for 46 percent of Democratic and 37.4 percent of Republican campaign treasuries. The Democratic Study Group has reported that while 40 House incumbents received more than half their campaign funds from PACs in 1976, in 1984, 166 House incumbents, or 41 percent, did so.[32] Moreover, in House races, small individual contributions of under $200, which constituted 50 percent of the general election campaign funds in 1974, had slipped to 22 percent in 1984 and were greatly overshadowed by PACs, which accounted for 36 percent of all receipts.[33]

A third dimension of PAC expansion is the sharp difference in growth rates in various PAC sectors. The growth of corporate, association, and nonconnected PACs has greatly reduced the preeminent role that labor played until the mid-1970s. Labor PACs accounted for more than half of all PAC disbursements in 1974, and they were just about a third of all PACs. (See Tables 3 and 4.) In 1984, they constituted less than 10 percent of the PACs and spent only 17.9 percent of total PAC outlays. Nonconnected PACs, corporate PACs, and association PACs all became larger in both numbers and dollars than union PACs. In 1984, labor PACs made only 23.2 percent of contributions to candidates, or $26.3 million, following corporate PACs, with $38.9 million, and association PACs, with $28.2 million. If independent expenditures are included with contributions, labor would be outdistanced also by nonconnected PACs. At the same time, labor's massive voter-mobilization efforts are not reported, so that labor's role in American campaigns tends to be understated by these measures of political action.

PACs will almost certainly continue to grow in numbers and resources. This growth is likely to continue to be strongest in the corporate sector, which has already experienced the largest growth in numbers since 1974, is the second-largest source of PAC disbursements, and supplies more financial support for candidates than any other sector. Studies show that PAC formation is most likely in firms that are large, subject to extensive governmental regulation, and union-

32. U.S., Congress, House, Democratic Study Group, "Troubling Trends in Election Financing . . Grassroots Money Shrinks as PAC Money Grows" (Washington, DC: Democratic Study Group, 1985), p. 3.

33. Ibid., p. 31

TABLE 4

TOTAL PAC DISBURSEMENTS BY TYPE OF PAC, 1974-84 (Millions of dollars)

Type	1974*		1976*		1978		1980		1982		1984	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Labor	$11.0	52.4%	$17.5	33.1%	$18.6	24.0%	$25.1	19.1%	$35.0	18.4%	$47.4	17.9%
Corporate	8.1 (Corporate and Health, trade or medical combined)	38.6% (combined)	5.8	11.0%	15.2	19.6%	31.4	24.0%	43.2	22.7%	59.0	22.3%
Health, trade or medical					23.8	30.7%	32.0	24.4%	41.7	21.9%	53.9	20.3%
Nonconnected	0.8	3.8%			17.4	22.5%	38.6	29.4%	64.6	33.9%	95.9	36.2%
Other	1.1	5.2%	29.6*	56.0%	2.4	3.1%	4.0	3.1%	5.8	3.0%	8.8	3.3%
Total	$21.0	100.0%	$52.9	100.1%	$77.4	99.9%	$131.1	100.0%	$190.3	99.9%	$265.0	100.0%

SOURCES: For 1974, 1976, and 1978, Joseph E. Cantor, *Political Action Committees: Their Evaluation and Growth and Their Implications for the Political System* (Washington, DC: Congressional Research Service, 1981), p. 83; for 1980, "FEC Releases Final PAC Report for 1979-80 Election Cycle" (Release, Federal Election Commission, 21 Feb 1982); for 1982, "1981-82 PAC Giving up 51%" (Release, Federal Election Commission, 29 Apr. 1983); for 1984, "PAC Support for Incumbents Increases in '84 Elections" (Release, Federal Election Commission, 19 May 1985).

*Includes all types of PACs except labor and corporate groups.

TABLE 5
PAC CONTRIBUTIONS FOR GENERAL ELECTION CANDIDATES, 1974-84 (Millions of dollars)

	Candidate receipts	PAC contributions	PAC contributions as percentage of candidate receipts
1972	$ 62 2	$ 8.5	13.7%
1974	$ 73.9	$ 11.6	15.7%
1976	$104 8	$ 20.5	19.6%
1978	$158.2	$ 31.8	20.1%
1980	$201.6	$ 51.9	25.7%
1982	$302.2	$ 79.3	26.2%
1984	$353.6	$102.3	28.9%

SOURCES: For 1972, 1974, 1976, and 1978, Cantor, *Political Action Committees: Their Evaluation and Growth and Their Implications*, p. 74; for 1980, "FEC Releases Final PAC Report"; for 1982, "1981-82 PAC Giving up 51%", for 1984, "PAC Support for Incumbents."

ized.[34] Many of the nation's largest firms do not yet have PACs. For example, more than 40 percent of the *Fortune* 500 still did not have PACs on the eve of the 1984 election year.[35] It is the largest firms—where there is still room for substantial PAC growth—that make the largest corporate contributions. Corporate PACs on the various *Fortune* lists accounted for 75 percent of corporate PAC gifts in 1982, even though only about 34 percent of those corporations had PACs and their PACs constituted only 31 percent of all corporate PACs.[36]

The growth of labor PACs may have reached a plateau. Nonconnected ideological PACs have also shown signs of weakness because contributors have been saturated with mass-mail appeals and because the costs of mass-mail fundraising have escalated dramatically.[37]

THE EXPANDING CONTRIBUTOR BASE

As already indicated, a theme that characterizes both the new condition of party politics and the emergence of PACs is their foundation in a broad base of small contributors. There is not yet much information about these new givers. Herbert Alexander has shown that from the first Eisenhower election in 1952 until 1980, the percentage of Americans who have made political contributions during presidential election years varied only within a narrow range of 8 to 13 percent.[38] It is estimated that participation in the national income tax checkoff that provides public funds to subsidize presidential campaigns and national party conventions has generally been between 32 and 35 percent of

34. Gary J. Andres, "Business Involvement in Campaign Finance: Factors Influencing the Decision to Form a Corporate PAC," *PS*, 18: 213, 215-19 (Spring 1985), Marick F. Masters and Gerald D. Keim, "Determinants of PAC Participation among Large Corporations," *Journal of Politics*, 47:1159-73 (Nov. 1985).

35. Andres, "Business Involvement," p. 213; Masters and Keim, "Determinants of PAC Participation," p 1163; Sabato, *PAC Power*, p 164

36. Masters and Keim, "Determinants of PAC Participation," p. 1168

37. Ronald Brownstein, "On Paper, Conservative PACs Were Tigers in 1984--but Look Again," *National Journal*, 29 June 1985, pp. 1504, 1509.

38. Alexander, *Financing the 1980 Election*, p. 422.

eligible taxpayers.[39] Another study suggested that 38 percent of the adult population made contributions, including those made via the checkoff, in 1980.[40] On the other hand, only about 13.4 percent indicated they had made direct contributions to candidates, parties, or PACs. Hence, in 1980 the funding appeals of parties and PACs raised the participation level only slightly above the long-term average.

Among these direct contributors, 7 percent gave to candidates, 7 percent to PACs, and 4 percent to political parties. Only 3 percent gave through more than one of these channels. A separate study of state-level campaign contributors showed that most giving was to candidates, followed by parties, and then to issue groups—presumably PACs—and nonpartisan groups.[41]

While the checkoff greatly broadens participation in campaign funding, those who contribute only in this way are not otherwise especially politically active or concerned.[42] They very closely resemble the economic and social profile of the population as a whole.[43] While their participation is quite passive, they do provide a campaign finance constituency that has very little economic class bias.

By contrast, organizational contributors—givers to candidates, parties, and PACs—tend to be better educated and better off financially than the population at large.[44] They are more ideological, much more interested in politics, and vastly more active in political affairs.

Within the total group of organizational contributors, however, there were important differences. Party givers tended to be older and financially more comfortable, while candidate and PAC contributors were somewhat younger and were drawn more heavily from middle-income groups. In this respect, modern candidate-centered campaigning and the newly emerging PACs have broadened financial participation among those who are not attracted to the traditional party system. The ideological differences are similar: party givers are disproportionately Republican and conservative, while givers to candidates and PACs—especially labor union PACs—tend more nearly to reflect the general population's ideological and party divisions.

A departure from these patterns emerges, however, on measures of political concern and political activity. Here PAC givers are less interested in and concerned about campaigns, have a lower sense of civic duty, and do not engage in as much other political activity as do party and candidate givers. So, while PACs have broadened participation, they—like the checkoff—have not substantially heightened political attention or activity.

One characteristic of PAC donors does come through clearly, however. They are highly issue oriented, and their preferences on issues conform to the

39. Kim Quaile Hill, "Taxpayer Support for the Presidential Election Campaign Fund," *Social Science Quarterly*, 62:767-71 (Dec. 1981).

40. Ruth S. Jones and Warren E. Miller, "Financing Campaigns. Macro Level Innovation and Micro Level Response," *Western Political Quarterly*, 38 193 (June 1985).

41. Ruth S. Jones and Anne H. Hopkins, "State Campaign Fund Raising Targets and Response," *Journal of Politics*, 47:427, 441 (May 1985).

42. Jones and Miller, "Financing Campaigns," pp 195-99.

43. Ibid., Hill, "Taxpayer Support," p. 770, David Adamany, "The Failure of Tax Incentives for Political Giving," *Tax Notes*, 7:3-5 (July 1978).

44. Jones and Miller, "Financing Campaigns," pp. 195-99.

political slant of the PACs to which they give.[45] This is true also, but to a lesser extent, of party givers. A national survey of about 2000 givers to parties and PACs showed a very strong overlap between Republicanism and conservatism among contributors and a fairly strong overlap between Democratic affiliation and liberal political outlook. The emergence of PACs has tended, in short, to mobilize ideological givers, to increase the congruence between political money and ideology, and to heighten the division between the resource-providing constituencies of candidates and officeholders of different parties and of different ideological persuasions.

POLITICAL MONEY AND PUBLIC POLICY

Are recent increases in campaign contributions and direct political spending driving public policy? Perhaps no question excites more debate or produces more contradictory evidence.

There is not much evidence, for instance, that party voting in Congress has declined dramatically in recent years.[46] If special interest campaign contributions are driving policy decisions, party-line voting should falter. Indeed, one commentator has said: "Events over which the parties themselves have no control now bring the promise that the two major parties may shortly be—if they are not already—more ideologically united than they have been for more than a hundred years."[47]

In addition, the substantial growth in party resources, especially money, may wed members of Congress more closely to their parties. The executive director of the National Republican Campaign Committee has suggested that the ability of the Republican Party to provide campaign support to its candidates has produced "a degree of loyalty to the party structure" and a measure of party "discipline."[48] As yet without substantial party financial resources, the Democrats might be expected to have a more difficult time organizationally in stimulating cohesion on public policy issues.

It will be difficult, in any case, for legislative cohesion produced by party campaign resources to offset the sweeping diffusion of power that has occurred in Congress in recent years. This change in the distribution of power is evidenced in the overthrow of the seniority system, the dispersion of power to hundreds of subcommittees, the periodic use of the party caucus to depose party leaders, the media orientation of so many younger members, and the decline of traditional patterns of deference to the leadership. In such a legislative environment PACs may well have substantial influence on policymaking.

One strand of evidence of PAC influence is the statements of members of Congress themselves.[49] Senator Robert

45. Joan C. Green and James L. Guth, "Partisans and Ideologues: A Profile of Contributors to Party and Ideological PACs" (Paper delivered at the Annual Meeting of the Southern Political Science Association, Birmingham, AL, 3-6 Nov. 1983), pp. 11-15

46. Adamany, "Political Finance and the American Political Parties," pp. 508-11

47. James L. Sundquist, "Party Decay and the Capacity to Govern," in *The Future of American Political Parties*, ed. Joel L. Fleishman (Englewood Cliffs, NJ: Prentice-Hall, 1982), p. 57.

48. Herbert E. Alexander and Brian Haggerty, *PACs and Parties: Relationships and Interrelationships* (Los Angeles: Citizens' Research Foundation at the University of Southern California, 1984), p. 65.

49. Elizabeth Drew, *Politics and Money: The New Road to Corruption* (New York: Macmillan, 1983), pp. 78-79, 89-90, 95-96; Sabato, *PAC Power*, pp. 126-27; David Adamany, "Political Action Committees and Democratic Politics," *Detroit College of Law Review*, 1983:1013 (1983);

Dole's expression of concern is typical: "When these political action committees give money, they expect something in return other than good government."[50]

This impressionistic evidence has been reinforced by journalistic and public interest group tabulations showing that incumbents, members of key committees, and congressional leaders are favored by PAC giving. For instance, Common Cause reported that 20 of 27 party leaders and committee chairs in the House of Representatives received 50 percent or more of their campaign funds from PACs.[51] Similarly, it reported that business PACs had given more than $11 million to the tax-writing committees in the House and Senate, and that all PACs had given these committee members about $17 million.[52] During the 1984 election, Common Cause issued a report pointing out that 111 of the 119 members of the four House and Senate committees that have jurisdiction over legislation of interest to the National Association of Realtors had received campaign contributions from the association in recent years.[53]

Several scholars have reached similar conclusions using statistical techniques. One such study showed a positive connection between contributions made by Rockwell International and congressional votes on the B-1 bomber.[54] Another reported a significant relationship between contributions from labor unions in 1978 and congressional votes on various issues of interest to labor, including wage and price controls.[55] A study that examined party, ideology, and constituency variables as well as campaign funds concluded that contributions from the American Transportation Association were closely related to votes on the Motor Carriers Act of 1980 by senators up for election that year, but not to the votes of senators whose terms did not expire until 1982 or 1984.[56] A study of voting on dairy price supports shows that congressmen who had received contributions from the American Dairy Association were more likely to vote for higher supports and that the association, in turn, was more likely to contribute to those congressmen.[57]

Other evidence tends to cast some doubt on these findings. The focus of both business and labor PAC contributions is on other factors, according to this evidence. Contributions by affected PACs occurred at election time rather than close to key legislative votes on the Davis-Bacon Act in the Labor and Edu-

Paul Taylor, "Efforts to Revise Campaign Laws Aim at PACs," *Washington Post*, 28 Feb. 1983

50. Taylor, "Efforts to Revise Campaign Laws."

51. "House Incumbents Get 44¢ of Every Campaign Dollar From PACs in 1984 Election" (News release, Common Cause, 12 Apr. 1985), p. 5.

52. "Business PACs Gave $11 Million to Congressional Tax-Writers" (News release, Common Cause, 16 July 1985), p. 1; "PACs Contribute Nearly $17 Million to Members of House and Senate Tax Writing Committees" (News release, Common Cause, 14 Feb. 1985), p. 1.

53. *A Common Cause Study of National Association of Realtors Political Action Committee Contributions* (Washington, DC: Common Cause, n.d.).

54. Henry Chappell, Jr., "Campaign Contributions and Congressional Voting," *Review of Economics and Statistics*, 62:77-83 (1982).

55. James Kau and Paul Rubin, "The Impact of Labor Unions on the Passage of Economic Legislation," *Journal of Labor Research*, 2:133-45 (1981).

56. John Frendreis and Richard Waterman, "PAC Contributions and Legislative Behavior: Senate Voting on Trucking Deregulation," *Social Science Quarterly*, 66:401-12 (June 1985).

57. W. P. Welch, "Campaign Contributions and Legislative Voting: Milk Money and Dairy Price Supports," *Western Political Quarterly*, 35: 478-95 (1982).

cation Committee of the House of Representatives, according to one such study.[58] Another found some evidence that overall congressional voting records and membership on key legislative committees were importantly related to PAC contributions by oil, automobile, defense, and labor PACs; but it also found that a congressman's general ideological position and whether his home district was in the state where one of the industries was located were also important.[59]

Overall roll-call voting records of congressmen, rather than influence on specific legislative issues, were found to influence contributions by business, trade association, and labor PACs.[60] When party, ideology, support for the president, and constituency characteristics were also considered in another study, campaign contributions were found to have very little impact on roll-call votes of concern to five major business PACs.[61]

Even high correlations between campaign contributions and roll-call votes do not prove that money caused congressmen to take certain issue positions, of course. But when such other considerations as party affiliation, ideology, and constituency variables are held constant and a relationship between money and voting still occurs, there is certainly an inference that contributions influence policymaking. Moreover, it seems unlikely that members of Congress would come forward to describe the increasing impact of PAC campaign contributions on the workings of the legislative process if this were not true. It is difficult to ignore the forceful common sense of Congressman Barney Frank's protest that officeholders "are the only human beings in the world who are expected to take thousands of dollars from perfect strangers on important matters and not be affected by it."[62]

It is surely possible to agree with Larry Sabato's summary judgment that "it is ludicrously naive to contend that PAC money never influences congressmen's decisions, but it is irredeemably cynical to believe that PACs always, or even usually, push the voting buttons in Congress."[63] One need not dispute the view that constituency, party, and ideology are also important factors in how congressmen make public policy.

At the same time, if campaign funds from PACs are independently working an influence on policy, such influence may well be at odds with democratic expectations. The studies generally concede that contributors obtain access to decision makers,[64] and a number of them show that contributions are related to roll-call voting in Congress.

Contributors can also substantially influence who gets elected. This is, of course, not corruption in any traditional sense. It does, however, raise the two-constituency problem.[65] Those who give money become a constituency separate

58. Dickinson McGaw and Richard McCleary, "PAC Spending, Electioneering & Lobbying: A Vector ARIMA Time Series Analysis," *Polity*, 17. 574-85 (1985).

59. J. David Gopoian, "What Makes PACs Tick?" *American Journal of Political Science*, 28:259-81 (May 1984).

60. W. P. Welch, "Patterns of Contributions: Economic Interest and Ideological Groups," in *Political Finance*, ed. Herbert E. Alexander (Beverly Hills, CA: Sage, 1979), pp. 199-216.

61. John R. Wright, "PACs, Contributions, and Roll Calls: An Organizational Perspective," *American Political Science Review*, 79:400, 406-12 (June 1985).

62. Sabato, *PAC Power*, p. 126.

63. Ibid., p. 140.

64. Ibid., pp. 126-28.

65. David Adamany, "PACs and the Democratic Financing of Politics," *Arizona Law Review*, 22:569, 594-96 (1980).

and distinct from those who are constitutionally enfranchised to elect members of Congress. In modern campaigns, driven by expensive technology and conducted through expensive mass-media appeals, the contributor constituency has an enormous influence on who gets elected. Studies plainly show that the amount of money raised by challengers is a critical variable in whether the incumbent or the challenger is elected.[66] When money becomes a threshold for election, those making substantial contributions that advance candidates who share their views influence policymaking by shaping the outcome of elections.

In an era when PACs are becoming the dominant force in financing campaigns, public policy may well be affected by campaign money. This influence of money represents a substantial shift in the American political process. It also runs counter to many expectations about how a democratic political system—based on the equality of citizens' votes—ought to work.

CHANGING PATTERNS OF POLITICS

Concern has been expressed, first, about the professionalization and bureaucratization of American politics that have followed from the enactment of the FECA. There is no doubt that the campaign finance laws have contributed to those trends. The laws' disclosure provisions, contribution limits, and spending ceilings require that both candidates and parties keep a tight rein on all finance-related aspects of their activities.[67] The Federal Election Commission's enforcement of the laws involves audits, hearings, civil suits, and occasionally a criminal prosecution. The sweep of the laws invites parties and candidates to litigate, sometimes for tactical reasons.[68] Under these circumstances, lawyers, accountants, and paid campaign staff assume a major role in politics.

It is not the FECA alone, however, that accounts for this trend. Both parties and PACs now raise most of their funds by direct mail. Substantial bureaucracies—sometimes within these political organizations, sometimes operating as professional consulting firms—are necessary to identify and winnow the list of potential contributors, to store and retrieve contributor information, to draft, address, and mail vast numbers of letters, and to tabulate and record hundreds of millions of dollars raised in small sums. The new fund-raising technology, with its attendant bureaucracy, would eventually have occurred even without the FECA.

Similarly, changing campaign methods require professionalization of politics. Polling, media advertising, telephone banks, voter identification projects, research on issues, and similar activities have become very sophisticated.[69] The

66. Gary C. Jacobson, *Money in Congressional Elections* (New Haven, CT Yale University Press, 1980), idem, "Money in the 1980 and 1982 Congressional Elections," pp. 61-65.

67. See Michael S. Berman, "Living with the FECA: Confessions of a Sometime Campaign Treasurer," this issue of *The Annals* of the American Academy of Political and Social Science, Xandra Kayden, "The Nationalizing of the Party System," in *Parties, Interest Groups, and Campaign Finance Laws*, ed. Malbin, pp. 264-65; Richard B. Cheney, "The Law's Impact on Presidential and Congressional Election Campaigns," in ibid., pp. 239-40, 247

68. David Ifshin and Roger Warin, "Litigating the 1980 Presidential Election,," *American University Law Review*, 31:487-89, 535-36 (1982).

69. For descriptions of the modern campaign techniques employed by political parties during campaigns, see Larry Sabato, "Parties, PACs, and Independent Groups," in *The American Elections of 1982*, ed Thomas Mann and Norman Ornstein (Washington, DC: American Enterprise Institute, 1983), pp. 73-86; F. Christopher Arterton, "Polit-

spread of these techniques has spurred the creation of professional staffs.

Nationalization

Second, there has been a substantial nationalization of American politics. The Supreme Court has held that national political parties have final authority to regulate delegate selection for national party conventions, thus depriving local and state parties as well as state governments of the power to structure local party processes.[70] The Court's decision that national political parties may act as "agents" for state parties in making coordinated expenditures on behalf of federal-office candidates has certainly shifted influence in those campaigns from the state to the national level.[71]

Beyond these legal changes, however, are the substantial disparities in funding at the national and state levels. National Democratic Party committees reporting to the Federal Election Committee received $71.7 million in 1983-84, while state and local party committees had receipts of $16.8 million. National Republican committees received $246.1 million; state and local GOP committees received $45.4 million. These figures do not, of course, include state and local party receipts for nonfederal campaign purposes, and there is no effective measure of those funds. It seems unlikely that state and local party financial resources are significant, however, in light of reports that the median nonelection-year budget of a sample of state parties was $340,000 and that average state party contributions to gubernatorial candidates were $39,000.[72]

Indeed, it appears that the national party committees are so dominant in funding that they not only assume state party funding authorizations under the FECA but they also provide funds to gubernatorial and state legislative candidates and for the development of local and state party organizations.[73] They also channel money to state and local parties for grass-roots campaigning, under the 1979 amendments, and for soft-money activities, thus making state and local parties dependent on the national party organizations.

A similar argument has been advanced that PACs have nationalized American politics.[74] It has been suggested that while many small contributors provide the funding for PACs, a relatively few people—PAC staff and executive committees—determine the distribution of the vast sums of money that PACs raise. In 1983-84, just 50 of the nation's 4000 PACs raised $116.7 million, 40.5 percent of the total PAC receipts of $287.8 million.

There is mounting evidence that PACs run in packs. Such organizations as the Business/Industry PAC and the U.S. Chamber of Commerce guide the contributions of many corporate and trade association PACs.[75] There are also informal networks of PAC operatives who meet to exchange information and develop consensus views about which

ical Money and Party Strength," in *Future of American Politics*, ed. Fleishman, pp. 104-16, 121-34, Adamany, "Political Parties in the 1980s," pp 78-100

70 *Democratic Party* v. *Wisconsin*, 450 U.S. 107 (1981); *Cousins* v *Wigoda*, 419 U.S. 477 (1975).

71. *Federal Election Commission* v. *Democratic Senatorial Campaign Committee*, 454 U.S. 27 (1981).

72. Cotter et al., *Party Organizations*, pp. 16, 110.

73 Adamany, "Political Parties in the 1980s," pp. 80-81, 100

74. Drew, *Politics and Money*, pp. 28-37; Adamany, "PACs and the Democratic Financing of Politics," p. 596.

75. Sabato, *PAC Power*, pp. 44-49; Drew, *Politics and Money*, pp. 28-32

candidates to support. Political parties, especially the Republican Party, have also worked to channel the contributions of many PACs into key races.

In 1982, Washington-based PACs contributed $28.2 million to candidates for the House of Representatives, while non-Washington PACs contributed $31.4 million.[76] That represents substantial centralization of nationwide financial resources in Washington. Thus, while the PAC world is neither monolithic nor fully concentrated in Washington, the financial resources of large PACs, Washington PACs, and networked PACs certainly tend to both concentrate and nationalize political funds.

Institutionalization

Third, the growth of PACs, whether national or local, has changed American politics by establishing PACs as institutional competitors of political parties. In 1983-84, all national, state, and local political parties reporting to the Federal Election Commission had receipts of $397 million, including more than $16.9 million in federal subsidies for the national party conventions. PAC receipts came to almost $288 milion. While the party advantage of $109 million is impressive, it should be remembered that parties were virtually the only institutional players in the campaign world just a decade before. Moreover, the $109 million disparity was artificially inflated in 1983-84 by nearly $13 million in repayable Democratic loans; it should be discounted further by the more than $30 million in treasury funds spent by institutional PACs for operations, administration, and solicitation. In the end, political parties—rooted in history and long the preeminent institutions in American politics—probably had a funding advantage of no more than $60 million.

In direct support for candidates, PACs have surpassed political parties in all recent campaigns. (See Tables 2 and 5.) In 1983-84, political party contributions and coordinated expenditures for candidates were $36.4 million; PAC contributions were $102.3 million. Parties, of course, provide substantial services to candidates; they apparently channel about $20 million to state and local parties for grass-roots campaigning and soft money activities. But PACs also render some direct campaign services, including labor's vast expenditures to register and get out the vote. Moreover, PACs spent at least $4.4 million for internal communications advocating the election or defeat of candidates. Furthermore, while political parties have recently made substantial expenditures for institutional advertising promoting party slates—but not specific candidates—or attacking the opposing party, PACs made independent expenditures of $23.4 million in 1983-84 to advocate the election or defeat of specific candidates directly. This increased role for institutions whose goals are more narrowly focused on specific policies surely changes the character of both American campaigns and the American policymaking process.

Disparity

Fourth, the dramatic growth in Republican financial prowess has created a significant disparity between the two

76. These figures are based on a recalculation of information provided in Theodore Eismeier and Philip Pollock III, "The Geopolitics of PACs" (Paper delivered at the Annual Meeting of the Midwest Political Science Association, Chicago, IL, 17-20 Apr. 1985). Eismeier and Pollock, however, interpret their data as a sign of the decentralization and localism of PACs, which is at odds with the perspective presented here.

major parties, shifting the balance of party power in American politics. The Republican financial advantage is not new, of course.[77] But, as Table 1 shows, in recent years the Republican spending advantage has been between three to one and four to one. This spending base is due not to differential candidate fund-raising, as was formerly true, but to the financial strength of the Republican Party organization.

It is not clear whether this Republican financial hegemony will be permanent. The Democrats have begun to build a base of small contributors through mass-mail appeals, but they remain well behind. Since the GOP continues to have a strong lead among the American middle class, which makes most campaign contributions, the Democrats may not have the potential to catch up. Finally, of course, if corporate PACs continue to gain strength and maintain their present preference for the Republicans, their growing contributions and expenditures will increase the present overall Republican financial advantage.

Accountability

Fifth, there is concern that the new patterns of political finance have substantially reduced accountability. The greatest accountability undoubtedly continues to attach to candidates and political parties. The candidate and his or her party label appear on the ballot. If the public disagrees with campaign-funding practices, they can vote against a candidate or against a party ticket.[78] Within the parties, however, there may be some shift in accountability. The party leadership—the national committees and national chairmen—continue to be elected, of course. When local party leaders and organizations played a major role in party fund-raising, they had some additional influence in party affairs. But now that most party funds are raised directly through mass-mail appeals managed by national party bureaucracies in Washington, the national parties may operate quite independently of local party activists and organizations. Indeed, as previously noted, they may be gaining influence over local parties by making subventions of cash and technical assistance. Nonetheless, the degree of accountability in political party structures remains reasonably high, both to voters and to the party activists.

The accountability of institutional PACs is considerably less. Only in the minority of PACs where donors earmark their contributions for particular candidates or parties is there substantial accountability to contributors. Frank Sorauf has pointed out that "in formal terms the contributors to a PAC—the donors, or 'members,' as some PACs call them—do not participate in PAC governance. They do not choose the PAC's trustees, and they only rarely sit on its important committees."[79] In addition, PACs, of course, are not subject to direct electoral accountability; the candi-

77. The Republicans have outspent the Democrats in every presidential election campaign in this century, except for the contests of 1912, 1916, and 1960. In 1976 and 1980, however, the two parties were closely matched, largely because the FECA's expenditure limits held down Republican expenditures while its presidential campaign subsidies provided Democrats with the same funding base as the Republicans. Heard, *The Costs of Democracy* (Chapel Hill: University of North Carolina Press, 1960), pp. 16-20; Herbert Alexander, *Financing the 1976 Election* (Washington, DC: Congressional Quarterly, 1980), pp. 5-6; idem, *Financing the 1980 Election*, p. 109.

78. David Adamany and George Agree, *Political Money* (Baltimore, MD: Johns Hopkins University Press, 1975), pp. 103-15.

79. Frank Sorauf, "Accountability in Political Action Committees," *Political Science Quarterly*, 99:591, 595 (Winter 1984-85).

dates they support do not appear on the ballot under PAC labels for voter consideration.[80]

On the other hand, PAC donors can refuse to continue their financial support if they disapprove of PAC activities. There is also evidence that most institutional PACs seek donor opinion about PAC operations as well as about candidates and parties. Moreover, the leadership of institutional PACs is restrained by the anticipation that officeholders or voters might strike back if PAC behavior is so blatantly offensive that it engenders public controversy or becomes a campaign issue.

Nonconnected PACs have the smallest degree of accountability. Their donors may exit if they dislike the PACs' activities, of course. But the governance of such PACs is not derived from established institutions, such as corporations, associations, or unions. Rather, most nonconnected PACs are run by their staffs and perhaps a group of self-perpetuating insiders who constitute an executive committee. Moreover, because nonconnected PACs generally use the largest share of their campaign funds for independent expenditures, candidates cannot impose accountability by refusing their contributions. Nor do voters have mechanisms to chasten such PACs. It makes little sense for voters to strike back at the candidates supported by nonconnected PACs, when those PACs' independent expenditures are made without the direction or control of the candidates.

Finally, while PACs have been praised for vastly expanding participation in American politics, it is clear from the surveys of donors that the new participants are not likely to be aggressive in holding their PACs accountable. PAC donors have relatively low levels of political involvement and they do not tend to engage in direct political activity, except for making contributions. The authors of the major study of PAC contributors have concluded:

> If . . . PAC contributors remain simply apolitical financiers of campaigns, the PACs will provide additional channels for special interest articulation, but ironically, they will represent a major potential for the increased importance of *elite* and not *mass* based electoral politics. As long as those who provide their funds remain politically disengaged, PAC leaders will be free to select one set of candidates one year and a different set the next with no institutional accountability or responsibility to those who provide the PAC funds.[81]

THE NEW AMERICAN SCENE

Money is a vastly more important ingredient in our politics than ever before. This is more a result of changes in campaign technology and campaign fund-raising techniques than of changes in the law.

With the development of a cash-based politics, the importance of parties has declined. While parties have vastly increased their fund-raising and have vigorously plunged into the new-style campaigns, the mating of the FECA and new fund-raising technologies has given birth to PACs, which are major institutional competitors for parties.

These developments have also modified long-standing political arrangements. The link between parties and their candidates is weakened. Politics has become more professionalized, bureaucratized, centralized, and nationalized. PACs now share the fund-raising and campaigning roles long reserved for

80. Sorauf, "Political Action Committees in

81. Jones and Miller, "Financing Campaigns,"

parties. In the competition between the parties, the Republicans are vastly outstripping the Democrats in amassing money, waging campaigns, and adapting to the new style of American politics.

These changes, together with the development of a new contributor base that is largely disengaged from parties and other political institutions, have raised serious issues of accountability. Those who raise and spend campaign funds, and thus disproportionately influence politics in the modern era, are increasingly removed from voters, from traditional grass-roots activists, and, indeed, even from contributors themselves. The financial constituency in American politics is becoming increasingly powerful and independent; the voting constituency is increasingly removed from all the activities of politics—except casting ballots—that influence the outcomes of elections and the shape of national polity.

The new face of American politics turns away from deeply rooted beliefs about the preeminent role of voters and voting districts in controlling elections and government. But the voices of concern about these conditions are not yet numerous enough or loud enough to force reforms that will shift dominance in American politics back to voters.

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Political Financing and the Constitution

By RALPH K. WINTER

ABSTRACT. The author examines the various arguments and legislative proposals offered in support of the regulation of campaign financing in light of the need for a democracy to protect free political communication and of current First Amendment doctrine. He concludes that the arguments advanced either lack a sufficient logical or empirical basis or are founded on ideas that are at odds with a system of free expression. Examination of the legislative proposals leads to the conclusion that they either limit political speech, disadvantage challengers seeking to unseat incumbents, or are too remotely related to valid legislative goals.

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IN addressing the relationship of the First Amendment to the use of money or in-kind resources for purposes of political communication, one must keep in mind the nature of law and particularly the nature of constitutional law. A body of law fashioned by courts interpreting the First Amendment should be rooted in the purposes of that provision and should be principled. That is to say, interpretation should be based on values and ideas derived from the amendment and capable of being neutrally applied so that the resulting body of law is coherent in the subfield of political financing as well as in the larger area covered by the amendment. For example, some are prepared in the name of political equality to limit the use of money or valuable resources for political communication. If such regulation is to pass constitutional muster, we must accept as constitutionally valid the logical ramifications flowing from the goal of equality, including an ultimate power in government to regulate all significant sources of political communication.

The First Amendment as presently construed applies to virtually all communicative conduct. It thus protects the arts,[1] including material offensive to many,[2] and commercial speech,[3] although the permissible area of regulation in both cases is somewhat ill defined. I note this at the outset because the core of the First Amendment is the protection of political speech, and the maximum constitutional protection afforded the arts and commercial speech ought to serve as the minimum afforded political speech.

That political speech is entitled to the highest protection afforded by the First Amendment is an easily defended position. Like arts and commercial speech, political communication has informative and educational aspects. In addition, however, political speech effectuates those constitutional procedures providing for democratic rule. Without protection for political speech, the information and choices afforded the electorate would be diminished, and political opposition would become risky if not impossible. Such a consequence would be inconsistent with both the specific electoral procedures the Constitution provides and the general form of government it creates.

Moreover, the regulation of speech, if undertaken, must be by government, hardly a neutral participant in political debate. This must be stressed because one fact is systematically glossed over by those who seek to regulate political finance, namely, that such regulation is enacted by officeholders, who have a powerful incentive to maximize the resources of political communication available to them and to minimize those available to their opponents.

Supreme Court decisions generally accord political speech great protection even when that speech involves the expenditure of very large sums of money. They have thus protected mass publication of the Pentagon papers,[4] limited the application of the law of libel in the case of the mass publication of defamatory advertisements purchased for substan-

1 See, for example, *Southeastern Promotions, Ltd* v. *Conrad*, 420 U.S. 546 (1975); *Memoirs* v. *Massachusetts*, 383 U.S. 413 (1966).

2. *Miller* v. *California*, 413 U.S. 15 (1973); *Paris Adult Theater Inc.* v. *Slaton*, 413 U.S. 49 (1973).

3 *Bates* v. *State Bar of Arizona*, 433 U.S. 350 (1977); *Virginia Pharmacy Board* v. *Virginia Consumer Council*, 425 U.S. 748 (1976); *Bigelow* v *Virginia*, 421 U S. 809 (1975).

4. *New York Times* v. *United States*, 403 U.S 713 (1971).

tial sums,[5] and protected the expenditure of money for the purchase of advertisements advocating certain public positions by commercial corporations.[6] Constitutional protection has been extended to more personal acts with political content notwithstanding that many view these acts as inherently offensive. One may thus freely wear clothing bearing the words "fuck the draft"[7] and desecrate the flag as a political statement.[8]

More important, for purposes of the present discussion, the Court has expressly declined to permit regulation of political speech in the name of equality of resources. In *Mills* v. *Alabama*,[9] for example, the Court invalidated a law prohibiting last-minute editorial attacks on candidates by newspapers during election campaigns even though the candidates lacked an effective means of reply. In *Miami Herald Publishing Co.* v. *Tornillo*,[10] moreover, the Court struck down a right-of-reply statute that compelled newspapers to give candidates they had attacked free reply space. Again, this decision rejected as a ground for limiting political speech a self-evident inequality of resources with which to communicate with the public.

Tornillo, however, has not been fully extended to the broadcast media, for the Court upheld the so-called fairness doctrine in the *Red Lion Broadcasting Co.* v. *FCC* decision.[11] That doctrine limits the broadcast media's right to express certain views without according an opportunity for similar expression by those holding other views. *Tornillo* remains the general rule, however, for *Red Lion* was specifically restricted to the case of broadcast frequencies, which are limited in number and are owned by the government. The First Amendment has thus been construed to hold that the public interest in free and unfettered political debate outweighs claims of unfairness or inequality.

Of course, a compelling governmental interest can justify regulation that affects speech. The two leading decisions in this area are *Red Lion* and *United States Civil Service Commission* v. *National Association of Letter Carriers*,[12] upholding the Hatch Act's prohibitions on political activity by certain governmental employees. Other grounds justifying the regulation of political speech relate to the time, place, and manner of such speech.[13] Thus, demonstrations that impede the use of public highways or interfere with the administration of justice may be prohibited.[14] Similarly, the use of "loud and raucous" sound trucks may be prevented.[15] This then, briefly, is the legal context in which the regulation of the use of money must be addressed.

MONEY AND POLITICAL COMMUNICATION

It is sometimes argued that speech and the use of money or in-kind resources to speak are two different things. This is a profoundly flawed contention. It is simply beyond argument that effective communication in modern society pervasively requires large expenditures. If

5. *New York Times* v. *Sullivan*, 376 U.S. 254 (1964).

6. *First National Bank of Boston* v. *Bellotti*, 435 U.S. 765 (1978).

7. *Cohen* v. *California*, 403 U.S. 15 (1971).

8. *Spence* v. *Washington*, 418 U.S. 405 (1974) per curiam, *Smith* v. *Goguen*, 415 U.S. 566 (1974); *Street* v. *New York*, 394 U.S. 576 (1969).

9. 384 U.S. 214 (1966).

10. 418 U.S. 241 (1974).

11. 395 U.S. 367 (1969).

12. 413 U.S. 548 (1973).

13. *Police Department of the City of Chicago* v. *Mosley*, 408 U.S. 92, 98-99 (1972).

14. *Cox* v. *Louisiana*, 379 U.S. 536 (1935).

15. *Kovacs* v. *Cooper*, 336 U.S. 77 (1949).

government may regulate access to necessary resources by controlling expenditures of money, then it has a weapon that can be used to regulate all communication. The arts, for example, require theaters, cameras, salaries, printing technology, and so forth. If investment in the arts were forbidden, they would cease to exist in any meaningful form. Similarly, organs of the institutional press require substantial capital investment and incur costly operating expenses. As a result, they are largely controlled by persons of means. Even more modest methods of communication—handbills, bullhorns, stenciled T-shirts, even flags to burn—involve the expenditure of money. If the speech protected by the First Amendment is legally distinct from the use of money or resources to speak, then there simply is no effective First Amendment protection for speech.

As is the case with the arts, money and political communication are inseparable. Only the most serious and compelling of governmental interests can justify regulation, and even then the regulation must be narrowly tailored to suit the particular goal. I therefore turn to the various goals asserted for the regulation of political finance.

Skyrocketing costs

Calls for the regulation of political finance routinely recite statistics showing that the costs of political communication have been rising at a dramatic speed. The fact is undeniable. The significance of the fact, however, is not at all clear, and its repetition in this particular context apparently reflects an assumption that dramatically increasing costs are evidence of a serious illness in the political system. Unpacking the claim, however, demonstrates how unfounded such an assumption is.

First, persons seeking to engage in political communication must purchase resources in a market in which prices are determined by competition. Political speakers are, in fact, a small fraction of those who compete for such resources generally. Commercial advertisers, for example, use most of the same resources to communicate with the public, and the amount spent in a year on such advertising by one or two of the largest advertisers equals or exceeds the total amount spent by all those engaged in political communication. The rise in the costs of political communication is largely caused by factors independent of the political system.

Second, the last 20 years have witnessed a dramatic increase in political activity because of the proliferation of political events such as nominating primaries and caucuses. Complaints about rising costs, therefore, are to some extent complaints about the extent of political activity in this country. The fact that those who complain about costs almost invariably support the proliferation of political events is one of the ironies of the debate over political financing.

Moreover, apart from public financing schemes, the measures proposed as a response to the rising costs of political communication do not aid campaigns in meeting those costs. Rather, the proposals put a cap on expenditures by limiting the amount of resources that may be purchased by a campaign, an action that directly limits the amount of political speech. Upon examination, the concern over skyrocketing costs appears to reflect an underlying disdain for political campaigns generally.[16]

16. *Buckley* v. *Valeo*, 519 F.2d 821, 897 (D.C. Cir. 1975) *per curiam*, describing presidential elections as "quadrennial Romanesque political extravagances."

Reliance upon skyrocketing costs as a justification for the regulation of campaign financing also fails to take into account the self-interest of incumbents. Whereas the various suggestions for limiting expenditures to purchase resources for political communication apply to every means used by challengers to communicate with the public, incumbents have available to them vast resources usable for the same purpose but paid for by the government. At the time that the Federal Election Campaign Act (FECA) was passed in 1974, for example, the cost of franked mail sent by incumbent members of Congress to constituents was increasing at about twice the rate of campaign costs generally and in election years exceeded all sums spent by all challengers on all campaign activities. In addition to franked mail, incumbents have available inexpensive television and radio taping facilities, computer resources to keep track of individual constituents' interests, paid staff, and many local offices, including mobile units. Expenditure limits thus have a differential impact on challengers and incumbents.

Finally, it should be noted that the regulation of campaign finances itself increases the costs of campaigns. By limiting individual campaign contributions to $1000,[17] the FECA imposes upon candidates the heavy costs associated with fund-raising from a multitude of sources, such as direct mail. Indeed, much of the rhetoric bandied about with regard to the costs of campaigns usually concentrates on the gross amount of money raised without any mention of the very high costs of raising it. Moreover, by subjecting candidates to a complex regulatory scheme administered by an administrative agency, campaign finance laws impose upon candidates heavy legal and accounting costs.

Furthering equality in political communication

Proponents of the regulation of private political financing claim that such regulation is needed to equalize the ability to speak on political matters. The apprehension, of course, is that private financing of political speech allows wealthy persons and interests to drown out everyone else. Rarely has so sinister a proposition been so attractively packaged, for if government may silence certain speakers in the name of equality, constitutional protection for political communication would soon cease to exist.

No one denies that some persons and groups have advantages—indeed, enormous advantages—in political communication. However, these inequalities are so ubiquitous throughout our polity that controlling the communication of certain persons, groups, or interests will not bring about equality. It will merely create new inequalities. For example, if candidates for office are severely limited in the amount they may spend in political campaigns, their power to communicate with the public would surely be reduced. However, the power of the institutional press such as the networks, major newspapers, radio stations, and magazines would be relatively increased as candidates sought their favor in order to obtain through news coverage the exposure they no longer could purchase through advertising. At that point, pervasive governmental control of the press would be not only constitutionally valid but seemingly imperative. This, I submit, cannot be the law under the First Amendment as it currently stands.

17. 2 U.S.C. § 441a(a) (1982).

The First Amendment singles out the press as a special beneficiary of its protection.[18] This provision, it should be emphasized, is at odds with equality in political communication. Indeed, the principal reason for singling out the press for protection is its unique power to reach the public. A private press serves as a counterweight to government and other interests and is protected precisely because it is more powerful than other means of political communication. There is thus explicit constitutional recognition that equality is not a goal justifying the regulation of political speech.

In fact, private political financing is a far more egalitarian method of political communication than is a free press. Those who provide political financing are more diverse both in number and in viewpoint than is the institutional press. Critics of private political financing correctly point out that a small fraction of the people account for the great bulk of campaign contributions. That small fraction, however, amounts to millions of people, whereas every media firm is operationally controlled by persons numbering at most in double digits. Whether at the town, city, state, or national level, the decision of what is carried on the media is infinitely more centralized than are the sources of private political financing.

It must also be noted that some political financing is provided by surrogates representing the interests of many others unable to speak on a subject. Consider a developer, for example, who spends money seeking public support for amending ordinances that restrict the development of certain tracts of land. Such a use of money is often condemned as pursuing profits for a small special interest group; however, those potential profits represent the inchoate interests of those consumers who would purchase that land and better their own standard of living but cannot know of this opportunity in advance of development.

Because inequalities in political communication are ubiquitous, equality as a goal of regulation also cannot be limited. Its logic, for example, extends beyond candidates for office to organizations pursuing particular issues. Such groups almost always have wealthy patrons and invariably depend upon money to pursue their goals. There is not a major civil rights group, civil liberties organization, public interest lobbying organization, public interest law firm, environmental group, public policy think tank, or New Right organization that cannot be accurately accused of using money to communicate on matters of public interest in a fashion that gives it more power than roughly 99 percent of the rest of the citizenry.

The logic of equality in political communication thus leads not to a free, robust debate but to a governmentally imposed silence, for anything short of that silence may arguably be described as discrimination. The fact is that any person or group engaging in effective political communication is automatically subject to an accusation of inequality. Indeed, political communication is not effective unless it is unequal and rises above other voices. The goal of equality in political communication thus stands the First Amendment on its head. It hardly makes sense, for example, to

18. The First Amendment provides that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a

flag burning or T-shirts that advocate implausible anatomical contacts with the selective service if we are prepared to suppress mainstream political speech.

Those who would regulate in the name of equality also do not address the fact that such regulation must be by the hand of government and according to the judgment of those in power. Those in power thus must determine whether political communication from one source has been heard too much and whether communication from another has not had adequate exposure. One does not have to be extraordinarily cynical to anticipate the speech that those in power will regard as having had too much exposure.

Profound dangers to First Amendment values thus inhere in the regulation of private political finance. In addition, it should be emphasized that an affirmative case based on those values can be made for such financing. A democratic system of government must allow proponents of change to seek that change through that system. Political communication free of regulation by government is a precondition to the pursuit of change, and free financing of that communication is a catalyst of that change.

Many fail to realize how important private financing is to political change because they assume that status quo issues and candidates get the bulk of the available money. Even if that is generally true—there are, in fact, many notable exceptions—it fails to take into account the fact that political money is of different value to different issue groups and to different candidates. In particular, money has a higher marginal value to groups and candidates seeking change than it does to groups and officeholders with high recognition and acceptance among the public. Indeed, history teaches that groups and candidates seeking change have difficulty raising substantial sums of money in small amounts and are in their infancy heavily dependent upon a few sources that contribute large amounts. Private political financing is thus of critical importance to political change and is at the heart of those values protected by the First Amendment.

The concept that $1 of political financing may be of greater value to a new cause or candidate than to the establishment is rarely recognized outside the realm of political technicians. It is, when considered, virtually a self-evident proposition. Consider an example from the world of commerce. Hypothesize a town with one well-known restaurant. Its previous success affords it an ample budget for advertising, and it is now challenged by a new restaurant with limited means. The success of the new firm will be determined more by whether it can purchase enough advertising to reach a critical mass of the public than by whether it is outspent, even grossly outspent, by its established competitor. Each advertising dollar spent by the older firm has far less potential for affecting opinions than those spent by the newer one. Its advertising at best reinforces opinions among past customers. The latter's advertising, however, reaches large numbers of new customers, and once it reaches a critical mass, the restaurant will be viable until it wins or loses on the merits of its food or service. For the old, advertising borders on the superfluous; for the new, it is critical to survival. Money used in reaching a critical mass with a new message thus produces more value than does money used to repeat the familiar.

In an analogous fashion, new political ideas or new candidates are threatened less by the ample resources available to their adversaries than by the danger that

they will not be able to accumulate a minimum level of financing for themselves. This also explains why incumbent officeholders, who always have available only to them more resources in governmentally provided goods and services and who have high name recognition as well, are so willing to limit the use of private financing in political campaigns notwithstanding their advantages in that kind of fund-raising.

The most notable, although hardly the only, example of this use of money as a catalyst for change was Eugene McCarthy's campaign for the Democratic presidential nomination in 1968. Based on his opposition to the war in Vietnam, McCarthy's campaign in New Hampshire, although not victorious, demonstrated President Johnson's vulnerability and revealed an antiwar constituency in Democratic ranks that had not been previously verified. The McCarthy campaign was featured at the time as a children's crusade, staffed by volunteers sloshing through the snow to ring doorbells. In fact, given the size of New Hampshire, it was a heavily financed campaign whose viability was assured by sizable early contributions from wealthy individuals followed by what was by any standard extravagant spending. By the end of the New Hampshire campaign, Senator McCarthy had spent $12—in 1968 dollars—per vote received.[19] His own experience as a political David taking on an incumbent Goliath in a campaign written off by the experts led him in later years to be among the most adamant opponents of the regulation of political financing.[20]

Other examples of the use of pools of private money for underdog candidates and causes abound. Senator McGovern's 1972 campaign for the Democratic presidential nomination also relied heavily upon the early accumulation of large contributions from wealthy patrons. Mayor Bradley's successful 1973 campaign in Los Angeles, as a black running in a largely white municipality, and James Buckley's successful New York campaign in 1970, as a third-party senatorial candidate, also were made viable by early large contributions. The major civil rights and civil liberties organizations were for long periods of time supported by sizable gifts from wealthy individuals that enabled them to achieve the viability necessary for mass fund-raising. Even now, the scope of their activity may depend upon large contributions.

It is quite clear that private financing nurtures candidates and causes across the political spectrum and that large donors by no means pursue only the self-interest of the wealthy. Before the FECA limited individual contributions, many identifiably liberal or left-wing political candidates were heavily financed; indeed, many believe that the limit on contributions to candidates has been more harmful to candidates of the Left than any other particular political group.

For First Amendment purposes, it matters not whose ox is gored or saved. The point is that the status quo, however well financed, is threatened by aggregations of private funds and that the regulation of such private financing threatens to cut off movements and candidates pursuing political change.

Corruption

It also was argued by those who

19. *Buckley* v. *Valeo*, 424 U.S. 1 (1976) *per curiam*, joint app., 2:25.

20. McCarthy actually joined as a plaintiff

corruption. Proponents believed that campaign contributions all too often involved quid pro quos. They believed that officeholders agreed not just to listen to contributors—the inequality problem—and decide issues on the issues' merits, but in fact committed themselves to legislation or dispensed jobs in exchange for campaign money. This problem, which seems so obvious to so many, in fact had little empirical support at the time the FECA was passed. The available evidence was largely limited to the awarding of ambassadorships, a practice not to be praised, but one that also hardly justifies the widespread suppression of political speech. Indeed, it is not clear why full disclosure of contributions is not an adequate deterrent.

Loss of public confidence in government

It is also claimed that regulation of political financing is necessary to remedy a loss of public confidence in government. This is a quintessential bootstrap argument. Having persuaded the public that our government is for sale, advocates of political finance regulation now take the fact of that persuasion as a justification for the measures they support. Public confidence in government is indeed important, but one should not ignore how dangerous this rationale is when used to regulate political communication. Many have argued quite as cogently that confidence in the moral fabric of society is undermined by certain films or plays. Many others have argued for the stringent regulation of government employment on the grounds that the public has lost confidence in government because it believes it to be staffed by subversives. The public-confidence argument is little more than a claim that the First Amendment must give way to public opinion.

Candidates' time

Finally, it has been argued that one effect of campaign finance regulation is to reduce the time candidates have to spend on fund-raising and thus to leave them more time for campaigning and communicating with the public. In fact, such regulation has been almost totally counterproductive so far as this goal is concerned. Except for the presidential general election, where full campaign financing is available, the low limits on individual contributions have forced candidates, including those in the partially financed presidential nominating campaigns, to spend more time than ever trying to raise money.

PARTICULAR APPLICATIONS OF THE FIRST AMENDMENT

Critics of private political financing have suggested numerous legislative measures to remedy the ills they perceive. Some of the more important of these proposals are now examined in light of the previous discussion.

Independent expenditures

Independent expenditures are expenditures by individuals or groups for the purpose of persuading voters to vote for a particular candidate. Such expenditures are not made in coordination with the candidate's campaign but are made independently in ways believed by those making the expenditures to be most effective. Although critics of private campaign financing appear to equate independent expenditures with contributions to candidates' campaigns, the con-

ventional wisdom among politicians is to the contrary. Whereas they prize contributions, they believe independent expenditures to be more harmful than helpful. Campaign managers strongly prefer to control carefully all expenditures made on behalf of their candidate not only to achieve the most efficient use of money, but also to avoid campaign tactics that have the effect of alienating more voters than they persuade. Campaigns generally base expenditure decisions on private polls and other data that identify groups according to intensity of feeling toward the various candidates. Independent expenditures are made in the absence of such information. The use to which independent expenditures are put, moreover, is usually colored by the ideological outlook of the group making them, increasing the danger that uncommitted voters may be alienated.

Constitutional protection of independent expenditures is essential if we are to effectuate the core purpose of the First Amendment. Such expenditures constitute speech designed to persuade voters to believe and act in a particular way—nothing more, nothing less. They are pure political advocacy, functionally indistinguishable from the editorial endorsement of candidates by organs of the media, the endorsement of a candidate by a political or community leader, or advocacy of policies by issue groups that aid particular candidates.

It has been argued that independent expenditures may be a method of corrupting candidates by creating undesirable obligations. This argument is utterly without merit. An independent expenditure by itself creates no obligation. Whatever obligation may be created arises only after the expenditure has persuaded persons to vote for the candidate. This is a crucial distinction because contributions to a campaign may create obligations by the very act of donation. Independent expenditures, however, create obligations only by persuading voters, much as obligations are created by the endorsement of editorial writers or political and community leaders, or, in fact, any speech that persuades voters.

In light of the fact that the regulation of independent expenditures would have profoundly undesirable implications for the protection of political speech afforded by the First Amendment, the Supreme Court held them to be constitutionally protected in *Buckley v. Valeo*.[21]

Expenditures by candidates

Proposals for the regulation of campaign finances routinely include proposals to cap the amount candidates may spend in political campaigns. Various reasons are offered in support of such limitations—as will be discussed later—but it is well nigh certain that the principal reason for their staying power as an idea is their attractiveness to incumbent members of Congress. Limitations on expenditures by candidates regulate virtually every dime spent by challengers for political purposes, whereas they have no effect whatsoever on the abundant perquisites useful for political purposes that government provides to incumbents. In 1974, the year in which the FECA was passed, over $38 million was spent on the congressional frank, the heaviest use of the frank at that time being near the dates of primary and general elections.[22] In the same

21 424 U.S. 1; see also *FEC* v. *National Conservative Political Action Committee*, 105 S. Ct. 1459 (1985).

22 *Buckley* v. *Valeo*, joint app., 2:23.

year, the total spent by challengers in all primary and general election campaigns was barely over $20 million.[23] In addition to the frank, of course, incumbents have other perks useful for political purposes such as a staff, a variety of offices, and access to cheap broadcast facilities. It is true that only the most crass incumbents openly use such perks on the eve of elections, but the fact remains, as every politician knows, that these resources are enormously useful for communicating with voters in order to generate electoral support. Limitations on expenditures, therefore, fall far more heavily upon challengers than upon incumbents even when such limitations are set at a very high level.

Of course, it is not to be expected that such limitations will be set at a high level. As argued earlier, the value of campaign money to a challenger is generally greater than it is to incumbents and, generally, the lower the limitation, the greater the damaging effect on the campaigns of challengers. There is abundant evidence in support of this proposition. When the FECA was being considered by the Congress, John Gardner of Common Cause testified before the Congress that low limits on expenditures would tend to freeze out challengers. He proposed a limit he believed to be adequate. The Congress thereafter reduced the limitation on expenditures significantly below that suggested.

There are other reasons for being concerned about limitations on expenditures. A necessary adjunct to such limitations is centralized control over individuals spending their own money in coordination with a campaign. If an expenditure limitation is to be effective, it is necessary to prevent individuals from offering storefronts, handbills, or other useful campaign materials to campaigns without including their value in the campaign's expenditures. Because counting and reporting them as the candidate's expenditures is administratively impossible, control over individual expenditures amounts to a prohibition. It should be noted that the effect of this control is in addition to the limits on contributions, which would in any event restrict an individual's gift of storefronts and the like to a total value of $1000. The effect of expenditure limits is thus to cause campaigns to be more media-oriented and to preclude grass-roots participation by individuals. Directed by a centralized staff, campaigns become an exercise in technocracy rather than a training ground for democracy.

Weighed against the overwhelming reasons for fearing limitations on campaign expenditures, the purported benefits seem slim indeed. At best, proponents of expenditure limitations fall back on the argument of skyrocketing campaign costs or assert that such limitations are necessary to curb any residual temptation to violate limitations on individual contributions. The former argument amounts to a claim that there is too much political speech in campaigns while the latter seems a paradigmatic example of eliminating mosquitoes at a picnic by shotgun blasts. In *Buckley*, the Supreme Court rejected the proffered benefits of expenditure limitations as wholly inadequate justifications for such an outright limitation on the quantity of speech, a decision eminently consistent with the mainstream of First Amendment law.

Contributions to candidates

The most plausible case under the First Amendment for permitting the regulation of campaign financing arises

23. Ibid., pp. 442, 444

in the case of limitations on contributions to candidates. Critics of private financing make three basic arguments in favor of the constitutionality of limits on individual contributions. First, they point out that a contribution is at best indirect speech by the donor because the candidate exercises total control over the use of money once the gift is complete. Second, they argue that contributions by individuals give the rich an advantage over the poor in shaping public policy. Third, they note that contributions entail opportunities for corruption since they may create an obligation by the very act of giving. In *Buckley* v. *Valeo* the Supreme Court upheld the FECA's limits on individual contributions on the grounds that preventing corruption or the appearance of corruption was a compelling governmental interest justifying such limits.

Neither the arguments of the critics nor the decision of the Court are without reason. There are, however, cogent arguments supporting a different conclusion that are rarely publicized and deserve consideration. It is true that contributions are indirect speech in the sense that their particular use is determined by the candidate rather than by the donor. However, it is also true that millions contribute to candidates for ideological reasons and that contributions are the only means by which they can participate in furthering the views they espouse. For such contributors, this form of political speech is the only way to make their voice part of an effective organization.

Moreover, contributions, including large contributions, are made across the political spectrum. To be sure, those making them may generally be well-to-do, but it is simply not a fact that their purpose is solely to protect the wealthy. There have been countless instances in which candidates who could be counted on to favor higher and more progressive taxes have been the recipients of sizable amounts of campaign money donated by wealthy individuals. In the case of candidates pursuing political causes outside the mainstream, such contributions are critical. They are needed at an early stage as seed money so the campaigns will be sufficiently viable to appeal to a wider portion of the public for money and support. In the hope of scaring off potential challengers, incumbents can often warehouse large amounts of campaign money. The decisive factor, however, is generally not how much the incumbent has, but whether the challenger believes that enough can be raised at an early stage to make the campaign viable. Large private contributions are often essential to that end.

It should be further noted that a limit on the size of individual contributions makes fund-raising more difficult and more costly and thus limits the total amount that may be spent in campaigns. The effect, therefore, is essentially the same as expenditure limitations that disadvantage challengers. In fact, that disadvantage may be increased by limits on contributions because most challengers will find it more difficult to raise money by direct mail than will most incumbents. Direct mail is not only a costly method of raising funds but is also most successful when used by candidates with name recognition and an established mailing list of supporters.

So far as corruption is concerned, it is difficult to perceive why full disclosure of contributions and their sources to the electorate is not an adequate deterrent in light of the extremely sketchy evidence that campaign money actually results in quid pro quo arrangements. As for the appearance of corruption,

disclosure enables the electorate to act upon its perceptions.

Finally, whatever merits the arguments favoring limits on contributions have, they seem rather out of step with the actual provisions of the present law. No reason has ever been offered to explain, much less justify, an identical limitation on contributions for House, Senate, and presidential races. There is also no rationale for not adjusting contribution limits for inflation unless their real purpose is to limit candidate expenditures. Moreover, virtually all of the arguments favoring limitations on contributions would lead not to the present law but to a fairly simple rule limiting how much one person might contribute to candidates for federal office without limiting how much of that sum can be given to one candidate. This would be effective in limiting the influence of any particular individual and yet allow challengers and candidates seeking change to accumulate the necessary seed money.

A note on expenditure limitations connected to public funding

As the law currently stands, Congress may condition the acceptance of public campaign financing upon a candidate's accepting limitations on his or her total expenditures. This may seem an unexceptional restriction, but two matters should be considered. First, a candidate's choice is not between free private financing and public funding, but between the latter and private financing subject to the low limits on individual contributions. As a consequence, the acceptance of a limitation on total expenditures by a campaign is not entirely voluntary, and the offer of such funding in exchange for the waiver of a constitutional right appears to be a purchase by the government of an individual's First Amendment rights. In my view, this state of the law cannot be squared with *Buckley*'s invalidation of expenditure limits.

Second, whatever the voluntariness of the candidate's acceptance of limitations on the campaign's expenditures, one effect is to prevent individuals from using their own funds to participate in the campaign because the limit on expenditures requires centralized control over individual expenditures. Given the fact that national presidential campaigns must concentrate on the media, very little of a national campaign budget is likely to be allocated to grass-roots activities involving such individuals. State parties may legally provide some money for specified grass-roots activities, but they need not do so. Many individuals who want to engage in such activities may well find state and local parties unwilling to support them.

It is the law today, therefore, that an individual may not even provide pencils to campaign volunteers in a presidential election without the campaign's counting and reporting them as expenditures within the limits. Since counting and reporting them as campaign expenditures is an administrative impossibility, the effect is again a flat prohibition. The result is thus that a candidate's waiver of his or her right to spend money has a compulsory effect upon the candidate's supporters. To my knowledge, no one has ever suggested a reason justifying this result, except perhaps the skyrocketing cost of campaigns, since it is clear that any individual funding of grass-roots activities would be subject to the limitation on individual contributions.

A note on political action committees

Much ink is expended these days in deploring the role that corporate and labor political action committees (PACs) play in political campaigns.[24] The plaintiffs in *Buckley* directly raised the specter of the concomitant effect of the limits on individual contributions and the creation of PACs the administrative costs of which might be borne by corporations and unions. They suggested that the effect would be to regulate the content of campaigns by limiting individual contributions often based on ideology while institutionalizing the influence of corporations and unions on a large scale. The Court, urged on by those who now are the most vigorous critics of PACs, rejected this argument and presumably would not be inclined to reconsider it.

One should, however, distinguish between the problems raised by PACs and issues regarding corporate or union expenditures to debate particular policies, as in referenda. PACs raise two distinct problems. First is the fact that PACs are controlled by a particular firm or union, and it alone determines which candidates get the PACs' contributions. The money, however, is raised from employees or members who have no say in its use and who may have contributed out of a desire to please superiors or union officers. The political speech and the views of the actual donors are thus only indirectly related. Second, if there is a corruption problem, it is surely greater in the case of PACs.

The use of corporate or union money to debate issues through advertising and other means raises none of these problems and thus stands on a different constitutional footing.[25] Indeed, the only argument for permitting regulation of such expenditures is the equality argument.

A note on rich candidates

In *Buckley*, the Supreme Court held that Congress could not limit the amount an individual spent on behalf of his or her campaign, there being no danger of one's corrupting oneself with one's own money. Many now fear that political candidacies are too much the exclusive province of the rich. I would suggest, however, that the result in *Buckley* is constitutionally sound and that the practical effect perceived by critics is hardly inevitable. If, in fact, the rich are now much more able than others to run for elective office, that simply proves that the current limits on contributions prevent challengers who lack private wealth from raising seed money. The remedy is thus to raise the level of contribution limits, not to prevent the rich from using their own money to run for office, a measure that would simply insulate incumbents from a group able to raise sufficient funds to challenge them.

CONCLUSION

Whatever one's view on the merits of regulating political financing, it can hardly be disputed that this regulation raises First Amendment issues of the most sensitive nature. The protection of political communication is the core pur-

24. See Fred Wertheimer, "Campaign Finance Reform: The Unfinished Agenda," this issue of *The Annals* of the American Academy of Political and Social Science; Richard Bolling, "Money in Politics," ibid.

25. *First National Bank of Boston* v. *Bellotti*, 435 U.S. 765 (1978).

pose of that constitutional provision, and the use of money is indispensable to effective political communication. Because regulation must be enacted by officeholders, the danger that the regulation will not be neutral is very great. The justifications for such regulation must thus be scrutinized with the greatest care for their neutrality, their cogency, and their implications for political speech. When so scrutinized, the justifications offered for limiting private financing of political communication seem heavily outweighed by their effect on political speech.

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Political Finance in the Liberal Republic: Representation, Equality, and Deregulation

By STEPHEN HARDER

ABSTRACT. The intervention by Congress in the private funding of federal election campaigns is fundamentally misconceived. The field should be deregulated. Proponents of intervention believe that the unregulated private financing of election campaigns subverts our representative institutions. This is because, they believe, first, that disparities in campaign spending often decide elections; second, that the pattern of campaign contributions received by a legislator significantly influences that legislator's lawmaking behavior; and, third, that the private financing of political activity injects the economic inequalities of the marketplace into the sphere of political rights. However, a whole view of the complex worlds of elections and legislation suggests that these beliefs, despite their superficial plausibility, are unsupported by reason and experience. In fact, the private market for political finance, left unregulated, should consistently deny to any discrete group of participants the market power necessary to influence elections or legislation significantly. Furthermore, the partial regulation attempted to date has been easily circumvented, and more comprehensive regulation is substantially barred by the constitutional sanctity of political speech and association. Finally, a system of private political finance, free from government intervention, is reconcilable with the legitimate operations of our representative government and with the true meaning of political equality.

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EVERY campaign for election to the Congress, and until 1976 every campaign for election to the presidency, has been entirely financed from private sources. This does not mean that all political activity, or even most of it, has been financed by private individuals. The economic value of the concerted political activities of the commercial media, churches, federal officeholders, state and local governments, myriad lobbying organizations, corporations, unions, schools, and other concentrations of social and economic power is virtually impossible to determine, but that economic value is clearly enormous. Significantly, neither current law nor proposed legislation attempts to monitor or regulate such economic activity.

This traditional reliance on private political finance does not mean that our government should be subject to auction. The direct exchange of money for ballots or bills is certainly illegitimate and must be prevented to preserve the integrity of our representative government. Vote buying and bribery of elected officials were early made criminal.[1] The direct funding of election campaigns by corporations and unions, which benefit from many legal immunities and derive their treasuries from market power rather than the political choices of individuals, has also been proscribed since the first half of this century.[2]

Yet, except for such basic and obviously necessary restrictions, the market for the private financing of political campaigns had remained substantially free of effective government intervention until a decade ago.[3] Now, however, political finance is dominated by an imposing structure of regulation. The Presidential Election Campaign Fund Act and the Presidential Primary Matching Payment Account Act establish a complex though partial system of government financing for presidential election campaigns, while the Federal Election Campaign Act of 1971, as amended, attempts to regulate the still entirely private system of funding congressional elections.[4] This regulatory structure has been further complicated by several Supreme Court decisions, beginning in 1976 with *Buckley* v. *Valeo,*[5] that have radically limited the power of Congress to make coherent law in this field.

Why must the government regulate private political finance at all? The argument for regulation is based on three premises. Unregulated private political finance will, it is claimed, distort the outcomes of elections,[6] subvert the process of legislation,[7] and undermine political equality.[8] If these premises are well

1 18 U.S.C §§ 201-11

2 2 U S.C § 441(b).

3 Some nominal restrictions on political contributions were contained in the Federal Corrupt Practices Act of 1925, 43 Stat 1070 (1925), however, these sanctions were seldom enforced and were easily circumvented. See generally Alexander Heard, *The Costs of Democracy* (Chapel Hill: University of North Carolina Press, 1960), pp 344-70.

4. The presidential fund act and the primary act are codified, respectively, at 26 U.S.C. §§ 9001-13 and 26 U.S.C. §§ 9031-42. The Federal Election Campaign Act is codified at 2 U.S.C. §§ 431-55. See generally Michael J Malbin, ed , *Parties, Interest Groups, and Campaign Finance Laws* (Washington, DC. American Enterprise Institute, 1980); idem, ed *Money and Politics in the United States: Financing Elections in the 1980's* (Washington, DC: American Enterprise Institute, 1984).

5. *Buckley* v. *Valeo*, 424 U.S 1 (1976).

6. J Skelly Wright, "Money and the Pollution of Politics: Is the First Amendment an Obstacle to Political Equality?" *Columbia Law Review*, vol. 82 (May 1982).

7. Elizabeth Drew, *Politics and Money: The New Road to Corruption* (New York: Macmillan, 1983).

8. Richard Briffault, "The Federal Election Campaign Act and the 1980 Election," *Columbia Law Review*, vol. 84 (Dec. 1984).

founded, they constitute a serious indictment of the American representative system as it has existed for almost 200 years. They are, however, unsound.

THE CONTEXT OF INFLUENCE

A single vote, for all its surface simplicity, is the sum of a complex political calculus hidden in the mind of the voter. Partisan and ideological identifications, perceptions of current affairs shaped in large part by the commercial media, affiliations with church, employer, and union, and economic and social status all certainly play an important part. Similar factors influence legislators, although their calculations are further complicated by the public nature of their vote. This forces them also to consider the interests and reactions of various affected groups, possible electoral consequences, the demands of party and of other coalitions necessary to government, relations with their colleagues, and, possibly, implications for their sources of campaign funding.

Political scientists have sought to weigh the various elements in these hidden equations of the vote. One prevalent method for doing so is the statistical correlation, in which votes are plotted against party affiliation, economic indicators, or opinion polls. The results are often interesting but frequently misinterpreted, especially in the debate over campaign finance regulation.

First of all, many proponents of the regulation of private political finance forget that statistical correlations require measurable elements. Certain elements in the political equation, such as party, geography, sex, race, and especially money, are easily assigned a numerical value. But quantification of such intangible concepts as ideology or voting record is more suspect. Other important factors in political decisions, such as media influence, political charisma, the wisdom of a particular bill, even the role of history, are fundamentally immune to any kind of numerical analysis.

More important, a correlation is not a cause. Thus, affiliation with the president's party may strongly correlate with a vote for the president's policies, but is this vote caused by shared political vision, by fear of professional reprisal by party leaders, or perhaps by the potential availability of campaign resources distributed by the party to supportive members? The mere existence of a correlation, however strong, does not give a complete or sufficient picture of the motivation of the legislator. Yet if we are to question the legitimacy of the political process, as the argument for the regulation of political finance does, then motivation is crucial.

Unfortunately, the superabundance of easily quantified data on campaign finance has narrowed the attention of many commentators to a very small part of the political world. Anyone convinced that campaign finance now explains much about politics enjoys a statistical field day. Correlations between campaign contributions and voting patterns abound. Not surprisingly, the role political finance plays in the political process, when viewed in this artificially magnified statistical isolation, appears to be significant.

But we should not allow the extent of measurement to become the limit of our understanding. The influence of political finance on the political process must be viewed in light of the multitude of significant yet ultimately immeasurable forces exerted on those who exercise the authority of the vote.

Money and elections

"Big spending media campaigns do not always win," asserts one advocate of regulation, "but they win much more often than they lose, distorting the expressed will of the people by the sheer inequality of the financial resources and the avalanche of campaign messages."[9] If we ignore for the moment the conceptual difficulties raised by the notion of an "expressed will of the people" distinct from an election result, the sense of the criticism becomes clear: campaign spending is alleged to be often a decisive cause of election outcomes.

But candidates do not spend campaign funds in a vacuum. Many important forces shape the ultimate decision of a potential voter before the campaign manager writes the first check. Many of these forces are beyond the immediate influence of the candidate: voters are often strongly predisposed by party, race, gender, religion, or class. The power and opportunity to interpret to the voter such wider phenomena as the economy, foreign affairs, or the record and program of the candidate and the candidate's party are shared by the candidate with government officials, party leaders, corporate media, and the various elite groups that control church, company, union, school, journal, and ideological organization in this country. The political activities of these groups are not limited to the comparatively brief period of heightened political discourse represented by the official election campaign.

Election campaigns cost money, but money is only a secondary resource to a candidate. The real political resources—in other words, the only resources that can conceivably weigh in the balance of the voter's decision—are the candidate's personality, record, and program or those of the candidate's opponent. Money is needed to fund the organization, research, and communication necessary to place these real resources before the voters, but it is no substitute for them.

Of course, an extreme lack of money may leave real political resources so underdeveloped as effectively to preclude victory. But potentially close elections almost always attract abundant funding. For instance, in 1982 the mean expenditure of House incumbents winning reelection with more than 60 percent of the vote was about $200,000. Yet in closer races, where the incumbent won with less than 60 percent of the vote, 31 Republican challengers spent a mean $324,000, and the 22 Democratic challengers who defeated Republican incumbents spent a mean of $292,000,[10]

These reflections suggest an alternative analysis to the one obviously implied by the following simple statistical correlation cited by a proponent of regulation:

> Spending data for the House . . . races in 1978 graphically show the extent of inequalities in spending and their correlation with winning and losing . . . the winner outspent the loser in 78.8% [of the 407 contested] races. Where the spending margin was more than two to one, as it was in 159 races, the bigger spender won 93% of the time.[11]

Political reality is more obscured than revealed by such "graphic" statistical correlations. Over 90 percent of House incumbents run for reelection. In 1984, incumbents won 94 percent of their races. As a group they obviously

9 Wright, "Money and the Pollution of Politics," pp. 622-25.

10 Malbin, *Money and Politics*, p. 284.

11. Wright, "Money and the Pollution of Politics," p. 622

enjoy a huge advantage over their challengers in the real resources of politics: name recognition, a positive local image cultivated in part through state-financed ombudsman activities, the chance to build a popular record through bill sponsorship, and so forth. In addition, they benefit from some free access to the media as well as much government-financed travel and communications. The monetary value of these perquisites of office, which is not monitored under any election law, has been placed at close to $1 million per House election.[12] House incumbents easily attract adequate financial backing, while their challengers, often relatively unknown and untested, are usually short of funds. The spending data cited previously by the proponent of regulation, far from proving that money buys elections, merely reflect these facts of political life.

More relevant to a real understanding of the role of money in elections is the very unequal impact that results from the spending of equal amounts of money by incumbent and challenger. "Multiple regression estimates confirm that, with other variables controlled, campaign spending by non-incumbents has a substantial impact on their share of the vote; incumbent campaign expenditures have little effect."[13] These estimates also corroborate the thesis that money has a diminishing marginal utility in election campaigns. The incumbent, whose real political resources have been substantially developed with the aid of much unreported, often government-subsidized spending, gains relatively little from the additional spending of officially reported campaign funds. The challenger gains much.

This whole view of the role of money in elections helps to explain the legendary nervousness of congressional incumbents. They know that if the real resources of politics are squandered, campaign funds, however easily raised, are of little avail. In 1982, for instance, when the mean expenditure by House incumbents in contested elections was $265,000, the 23 incumbents who lost their bids for reelection still outspent their victorious opponents, on average, by $124,000.[14] Perhaps in response to a growing awareness of the limited effect of campaign spending on election results, the total amount of official spending in House election campaigns declined, after a decade of steady growth, from $174 million in 1982 to $162 million in 1984—a decrease in real terms of 11 percent.[15]

Money funds campaigns; it does not buy office.

Money and legislation

Legislators seeking reelection do need campaign funds. Advocates for the regulation of political finance are convinced that the natural concern to raise campaign funds significantly affects the exercise of legislative authority. One supporter of state funding of election campaigns writes:

> It is clear that the politicians' anxiety about having access to enough money corrodes and even corrupts the political system. . . . At the

12. Norman J. Ornstein et al., *Vital Statistics on Congress*, 1984-85 ed. (Washington, DC: American Enterprise Institute, 1984), pp. 116-37. See also T. E. Mann, *Unsafe at Any Margin: Interpreting Congressional Elections* (Washington, DC: American Enterprise Institute, 1978).

13. Gary C. Jacobson, *Money in Congressional Elections* (New Haven, CT: Yale University Press, 1980), p. xvi.

14. Malbin, *Politics and Money*, p. 284.

15. "Incumbents Relied More on PAC Gifts in 1984," *Congressional Quarterly Weekly*, 8 June 1985, pp. 1115-17.

least politicians increasingly consider how their votes will affect their own—and their opponents'—ability to raise money. At worst votes are actually traded for money.[16]

The complex reality of the legislative process, however, belies such vague generalizations of endemic corruption.

The legislator stands at the vortex of the representative process. Each year the 435 members of the House cast hundreds of votes for thousands of pages of legislation drafted in thousands of committee meetings. Expertise and time are limited. The interests of nation and district are often obscure; the legislator has no choice but to rely for guidance on party leaders, professional staff, agency reports, sophisticated lobbyists, think tanks, and more knowledgeable colleagues. Even where principle seems clear, a vote may be sacrificed to other ends: votes are traded, governing coalitions enforced, compromises struck, and public reactions weighed. It is a rough-and-tumble world in which the legislator votes.

How important a factor in this complex calculus is the pattern of contributions to a legislator's campaign? The only persuasive analysis of this question must look carefully at the concrete reality facing the typical elected representative.

Absent a system of government financing, the candidate for elective office obtains campaign funds from these sources: individual donations, including sometimes the personal assets of the candidate; the candidate's party; and organized political committees. There are currently some 4000 political action committees in this country.

The mean campaign expenditure of a House candidate in 1982 was $228,060. In the same year, the portfolio of contributions for the average House member consisted of 6 percent from the party, 30 percent from political committees, and 64 percent from individuals and the candidate's personal funds.[17] It is not unusual for the number of contributing political committees to exceed one hundred or for contributing individuals to number in the thousands. Thus the purely economic impact of losing the contribution of any individual or discrete group of individuals would seem minimal.

The campaign portfolio of Congressman Dan Rostenkowski, chairman of the House Ways and Means Committee, provides a concrete example. Congressman Rostenkowski was reelected in 1980 with 84 percent of the vote. He raised a total of $274,580 in campaign funds. About 58 percent, or $159,100, came from 192 different political committees. The average committee contribution was $828, or 0.3 percent of the total funds raised. The individual contributions of only 11 committees exceeded 1 percent of the total; those of only 2 exceeded 2 percent. Only 1 committee gave the maximum contribution allowed by law: the National Automobile Dealers Association gave $10,000, still only 3.6 percent of the total campaign portfolio.

Congressman Tom Foley, House majority whip in the Ninety-seventh Congress, won reelection in 1980 with 52 percent of the vote. Of the $188,192 in campaign funds he raised, 67 percent, or $126,935, came from 192 different political committees. The average committee contribution was $661. Only 14 of the 192 committees contributed an amount in excess of 1 percent of the total; those of only 3 exceeded 2 percent. The largest

16. Drew, *Money and Politics*, p. 146

17. Ornstein et al., *Vital Statistics*, p. 80.

single contribution, $5000, from the Associated Milk Producers, Inc., accounted for only 2.6 percent of the total campaign portfolio.[18]

When such real instances of campaign contributions are viewed against the background of a complex political reality, the purported rationale for regulating private political finance vanishes like a mirage. Campaign funds themselves are of only limited utility, and even the largest contribution can usually be easily replaced. Further, it is far from certain that a vote against the presumed interests of a contributor will lose the contribution. Even if it does, the inconvenience of replacing most single contributions cannot weigh heavily in the scales of the legislator's mind when balanced against concerns of conscience, credibility, party, ideology, electoral consequences, and collegial relations.

Of certain concern to any legislator is the possibility of driving a well-organized supportive group into active electoral opposition, but that concern is conceptually distinct from a concern for finances. This crucial distinction is often ignored by both politicians and commentators. A relatively large contribution is a very consistent proxy for a large and well-organized group. The contribution can be replaced, but the support of the group cannot. What appears to be preoccupation with campaign funds is often a shorthand expression for a concern for constituency.

Let us, however, assume the implausible, that campaign contributions are the decisive consideration. Let us assume, too, that the legislator is to exercise his or her legislative authority not in a floor vote but in a committee drafting session. The subject may be arcane and beyond the ken of electorate or press. Surely here, the argument for regulation typically runs, a contributor can be quietly repaid by a favor.

But how, exactly? The drafting of technical legislation in a complex society is often a zero-sum game. It is almost impossible to draft a single clause without incidentally disadvantaging one organized interest and benefiting another. Political committees representing opposing interests may well have made contributions to the same legislator. Here is where the analysis of many advocates of regulation becomes disingenuous: while elaborately documenting the winning contributors and their contributions, they conspicuously fail to note the often substantial contributions of the losers. In Rostenkowski's case, contributors American Banking Association and Securities Industry Association are surely in conflict on many details of banking regulation; just as contributors American Family Corporation, an insurance group, and the American Medical Association are certainly at odds on important aspects of health care regulation. Even when the potential losers are diffuse and unorganized, their interests may be represented by such powerful and sophisticated surrogates as Ralph Nader, the American Civil Liberties Union, or the U.S. Treasury.

The inescapable conclusion, that considerations of campaign finances cannot alone exert a significant influence on legislation, is amply documented by empirical research. In sophisticated multiple-regression analyses of House votes, partisan and ideological factors appear much more closely correlated to legislative outcomes than do contribution patterns. On less volatile issues, a

18 Laurie Duker, ed., *A Common Cause Guide to Money, Power & Politics in the 97th Congress* (Washington, DC: Common Cause, 1981), pp. 140-46, 224-29.

mild correlation between campaign contributions and votes has been observed.[19] Yet this correlation is best explained not by pervasive congressional venality, but by the success of sophisticated political committees in identifying for financial backing representatives who are more likely to support their interests.

The notion that any significant number of the 435 members of the House, men and women who have sacrificed much for the opportunity to exercise legislative authority, will consistently mortgage that authority for fractional contributions of campaign funds of limited utility—a notion that underpins the argument for the regulation of political finance—is little short of bizarre. Financial pressure from discrete sources of contributions, in the real world of legislation, is at most a weak force, having apparent effects only when the other stronger forces normally impinging on the legislator are insubstantial or contradictory. Thus one might say that mere money matters most where it matters least: affecting the occasional vote on the marginal issue. On any issue of real importance, even the most self-interested legislator simply cannot afford to be swayed by the proffer of campaign contributions. This more realistic view of political finance offers scant justification for the sweeping regulation currently in force.

AGAINST REGULATION

Justifications for regulation, however questionable, are one thing; the consequences of regulation are another. Regulation of political finance requires governmental controls over the economic relations between individuals, political committees, parties, and candidate: Serious questions must be posed cor cerning not only the efficacy but also th constitutionality of such controls.

Competition and intervention

The efficacy of economic contro depends on the character of the markt to be regulated. Controls are most mar ageable—and most easily justified- where market actors are few and whei product substitution or market entry ai naturally restricted. The existing $1 bi lion private market for state, local, an federal political finance, however, is nc susceptible in these ways to governmer control.

The existing market for politic: finance is almost a textbook example (a perfectly competitive market. Buyei and sellers are numerous; thousands (candidates and political committee compete for the contributions of tens (thousands of individuals. Substitutio is easy; no one has a natural monopol on political inspiration or governmer office. Entry and exit are unrestricte anyone can run for office or form committee, and no one is forced t contribute. Finally, information is ger erally sufficient for individual choic however, stricter disclosure requirement would make the market even more cor petitive and efficient.[20]

What is traded in this market fc political finance? The ultimate source of political finance are individual: Many undoubtedly make political cor tributions for the same reasons they giv to charity, college, or church: a sense c shared values or general philanthrop: For others the activities surroundin political fund-raising may satisfy ps)

19. Larry J. Sabato, *PAC Power. Inside the World of the Political Action Committees* (New York: W. W. Norton, 1984), pp. 122-25.

20. Heinz Kohler, *Intermediate Microeco nomics* (Glenview, IL: Scott, Foresman, 1982 p. 42.

chic needs for status and social relations. No doubt a number of larger donors, including political committees and parties—the chosen intermediaries of individuals who would rather pool their resources under the management of political professionals than contribute directly to candidates—contribute with the additional hope of securing access to legislators. A few donors may even desire to render a legislator so dependent on their particular contribution as to obtain an economically coercive influence over the legislator's actions —but, as discussed previously, this is exceedingly difficult if not impossible to accomplish.

There is nothing sinister about this market. It does not allocate political authority. Elections do that. Nor is it even the dominant means of allocating access to legislators. Most access to legislators is monopolized by party leaders, staff, lobbyists, press, and creditable constituent representatives. Contribution patterns are one possible factor considered by the legislators or the staff in allocating the remainder of the available time. The market for political finance is simply where election campaigns are funded by groups and individuals in return for access, status, and inspiration.

The best evidence of a competitive market is the diffusion of market power. In 1982, the single largest supplier of political finance to congressional candidates, outside the national parties, was a political committee promoting the interests of realtors, which contributed a total of $2.1 million. In the entire congressional market of $288 million, this sum constituted less than 0.6 percent of the total.[21] The diffusion of market power in the case of legislators is also exemplified by the examples of the 2 House committee chairmen who face contested races in 1980. Despite the great influence over the shape of legisl tion, they raised in 1980 an average tot of only $180,000, a figure only 9 percei above the mean for all House incun bents in that year.[22]

When the natu'e of the market fo political finance is fully understood becomes obvious that any serious limi on the amounts that individuals an groups may contribute directly to cai didates will certainly force a large pro portion of the blocked resources out o the market for direct campaign contr butions and into the nearest substitut the market for independent expenditure

The election law defines "indepe dent expenditures" as spending by a individual or group made "withou cooperation or consultation with ar candidate . . . [but] expressly advocatin the election or defeat of a clearly ident fied candidate."[23] Independent spendir can be thought to exist in two forms. O the one hand, groups whose intende direct financial support for a candida is blocked may simply organize a shado campaign, funding commercials an phone banks much as the candida would. On the other hand, groups wh feel strongly about issues that no cand date has addressed may spend money t force these issues into the public debat The two forms are separable only theory; in practice any form of indepe dent spending may place the indepe dent spender in the same econom relation to a candidate as that of a mo orthodox contributor who makes direct contribution.

21. Sabato, *PAC Power*, p. 17.

22. Duker, ed., *Common Cause Guide*, | 224-28; Ornstein et al., *Vital Statistics*, p. 65.

23. Federal Election Campaign Act, 2 U.S §§ 431.

Many forms of private financing have been prohibited in presidential campaigns since 1976. Independent spending related to presidential candidates has increased markedly, from less than $300,000 in 1976 to $16.7 million in 1984. Limits on contributions to congressional candidates have been in place since 1974. Independent spending in congressional campaigns has increased from $386,000 in 1976 to $5.75 million in 1982.[24] It seems abundantly clear that any attempt to intervene strongly in the market for political finance cannot succeed unless the government can substantially control independent spending—but such control is impossible.

Political finance, political speech

Congress tried to control independent spending, and thus preserve the coherence of its regulatory structure, by forbidding individuals and political committees to make independent expenditures exceeding $1000 during any federal election campaign. The Supreme Court, however, unequivocally struck down all such limitations on independent expenditures—even in the context of elections otherwise completely financed by the government.[25]

Some proponents of regulation, understandably frustrated by this judicial undermining of a coordinated scheme of regulation, have charged that the Court, since *Buckley* v. *Valeo*, has simplistically equated money and speech. Yet this criticism betrays an insufficient understanding of the breadth of protection that must be afforded to politically motivated speech and association in a liberal society. In its campaign finance decisions the Court has often cited Justice Brennan's landmark opinion in *New York Times* v. *Sullivan*. A reiteration of the facts of that case suggests the core constitutional obstacle to comprehensive regulation of political finance.

On 29 March 1960 the Committee to Defend Martin Luther King and the Struggle for Freedom in the South, a political committee based in New York City, sponsored a full-page political advertisement in the *New York Times*. The advertisement cost $4800; today the cost would be $30,000. Entitled "Heed Their Rising Voices," the piece criticized in eloquent, though occasionally inaccurate, terms the record of the elected police commissioner of Montgomery, Alabama. It concluded with an appeal for political finance: "We must extend ourselves above and beyond moral support and render the material help so urgently needed. . . . We urge you to join hands with our fellow Americans in the South by supporting, with your dollars, this combined appeal." In the context of an election campaign this advertisement would be a classic example of an independent expenditure.

When the police commissioner brought an action for libel, the Supreme Court found the actions of the committee and the newspaper so central to the meaning of free speech and free association as to be effectively immune from libel suits by public officials. Justice Brennan wrote of a "profound national commitment to the principle that debate on public issues should be uninhibited, robust, and wide open."[26]

24. "Court Strikes Down Limits on Independent PAC Outlays," *Congressional Quarterly Weekly*, 23 Mar. 1985, pp. 532-33.

25. *Federal Election Commission* v. *National Conservative Political Action Committee*, — U.S. —, 105 S. Ct. 1459 (1985).

26. *New York Times Co.* v. *Sullivan*, 376 U.S. 254 (1964).

It is hard to see how the nature of this "profound national commitment" could depend upon the detailed circumstances of the financing of the advertisement. Could the First Amendment rights of a political committee to raise funds or publish, or the right of the public to be exposed to the committee's political ideas, depend upon whether this advertisement cost $4800 or $30,000? Whether the costs were paid by a single benefactor of the committee or a hundred? Whether the same words appeared as a newspaper editorial or a paid advertisement? Whether the advertisement was run once or a dozen times? Or whether its sponsors resided in Montgomery or in New York City? Of course, the First Amendment value of the speech itself is unaltered by these changing circumstances.

In fact, had the attempted criminal prohibition of independent expenditures over $1000 existed in 1960, the police commissioner could presumably have obtained an injunction to prevent publication on the grounds that the advertisement violated the election laws. In other words, an elected official could have used the election laws to suppress criticism of his conduct in office. The result would have been what Justice Brandeis once termed "silence coerced by law—the argument of force in its worst form."[27]

These considerations, and not some simpleminded equating of money and speech, strongly argue that in our liberal republic the government can never be allowed to make political speech and association criminal simply because of the manner of their financing. A contrary conclusion is an invitation to suppression.

27. *Whitney* v. *California*, 274 U.S. 357 (1927).

REPRESENTATION AND EQUALITY

Clearly, the proponents of regulation of political finance face formidable empirical, practical, and constitutional difficulties. A challenge to them on these grounds, while telling, remains only an argument by negation. The most important reason for upholding a private and unregulated system of political finance is positively grounded in basic principles of American government.

The concept of constituency

Elections make no laws. They are not like a town meeting. In a town meeting, a small group of citizens passes directly upon the rules that bind a small community. In a general election, a multitude invests the few with political authority to legislate for all. But, by its very nature, the general election by secret ballot makes impossible the inference of any but the vaguest mandate for legislative action. The legislator asks, "How is legislative authority to be exercised?" Election returns provide no answer.

It is also useful to remember that Congress is not a court. Elected representatives and their constituents are not judges. In a court, the identities of the disputants and the bounds of the conflict are not in question. The judge or jury are disinterested; they must only compare the characteristics of known parties to the precepts of a known law.

In Congress, legislators are, like those who elected them, interested parties. Not only are the legislators bound by the laws they approve, but the public aspect of their actions subjects them to electoral challenge. Furthermore, these interested legislators must make new law, choose new values to guide a changing nation. In this task the major

difficulty is not deciding between parties and interests, but ascertaining what conflicts exist between which groups and determining who actually represents the interests of those groups. If legislators fail to know the nation they would govern, their most agonized and conscientious judgments are wasted.

How, then, to know the nation and thereby to truly represent the people?[28] To attempt to answer this question is to illuminate the vital role that private political finance plays in the process of representation.

The individual citizen, considered in isolation, embodies superficial perceptions, unchallenged understandings, cost-free preferences. With regard to almost any public question, the mere summation of the mass of individual wills would only magnify bias and misconception. Defenders of popular sovereignty have always rejected direct democracy, because the first impulse of the isolated citizen crudely multiplied into a majority too often results in the irrational oppression of numerical minorities whose just entitlements and real value to the community are not immediately apparent. Were we governed by opinion poll, no minority would be safe for long.

The real interests of a people, as of individuals, are revealed by compromise. Policy requires not mere preference, but choice. Furthermore, it is only when individuals form and fund groups for political ends that inchoate preference and unchallenged belief crystalize into articulated interest and coherent policy. The elites who lead political groups, if their political influence is to grow, must further this process of self-definition. They must also balance the energy that derives from intensely held convictions with the numerical support that comes to moderation. Political power flows to elites who both inspire their followers and convince them to compromise with others. In this manner, the true interests of the community are given shape as groups form, divide, and coalesce, rising toward the surface of the nation's conscience. In this way the preferences of the individual are refined and enlarged into the interests of the community.

In a market economy where political association is a constitutional right—in other words, in a liberal republic—this entire activity of self-definition of the popular will inevitably has a monetary component. The means of organization, research, and communication will be purchased for money. Thus economic activity becomes an index of political activity. Political activity will always be most intense among groups with reason to fear the unexamined preferences of the multitude. Thus, in any liberal society, those whose ambitions would benefit if the superficial preferences of many were translated, without intermediation, into political power may resent the activities and disparage the legitimacy of well-organized minorities. If, on the other hand, the economic activity associated with political organization is suppressed, numerical minorities lose the only weapons—organization and communication—they have to fight prejudice and exploitation. No society can allow this to happen and for long remain liberal.

These reflections show that the dichotomy often posed by proponents of regulation—namely, between the financial and geographical constitu-

28. See generally Hannah F Pitkin, *The Concept of Representation* (New York: Praeger, 1971).

encies—is misleading. If "constituency" means those elements in society to whom a legislator should legitimately be responsive, then the idea of geographic constituency is both too vague and too narrow.

It is vague because the interests of those individuals who live within the voting district of a particular representative are impossible to understand fully except in the context of the nation as a whole. Conflicts of economic and moral interests are not regional, but interstitial. The significance—one might even say the meaning—of an unemployed steelworker, a small savings bank, a social security recipient, or a toxic-waste site is only made apparent to the community through networks of communication and organization that ignore district boundaries.

The concept of geographic constituency is too narrow because representatives in Congress are not meant to be ambassadors from hostile peoples, but lawmakers for an indivisible nation.

A legislator, then, is legitimately responsible to many constituencies, not just the majority of one day in one district. Campaign contributions from nationally organized political committees may be one factor in this response. Were locally elected legislators somehow insulated from national groups, the result would not be laws miraculously better suited to each separate district, but laws divorced from both national and local reality. Constituency transcends geography.

Thus elections have always, and beneficially, been determined in large part by forces outside the district. Moreover, private political finance, which funds the organization of political groups, not only has a liberalizing influence on political decision making, but also establishes and reinforces the connections between a representative and his or her constituents. Thus the current attack on free and private political finance proceeds from a deep misconception of the representative process.

Equality and influence

Money, education, institutional power, public office—in fact, all the social goods that incidentally become important resources for political organization—are obviously distributed in an unequal, often pathetically unequal, fashion among individuals in our society. While the prevailing allocation of these social goods in our country may be congruent with neither justice nor the common interest, significant disparities in social attainments will exist in any liberal society, however just or enlightened it is. Does, then, a system of free and private political finance mean that social inequalities are to be bred in the bone of the body politic, corrupting the American ideal of political equality?[29] The simple answer, crucial to the legitimacy of our republic, is no.

First, ultimate political authority in America is distributed by the Constitution in a radically egalitarian manner. Suffrage is universal. Elections are direct. The ballot is secret. Representation is apportioned on the basis of one person, one vote. Whatever the persuasive influences on the legislator are, the authority to legislate is directly founded on popular consent. The authority of the individual voter is not subtle—the

29 See generally Alexander Hamilton, John Jay, and James Madison, *The Federalist* (New York: Modern Library, [1937]), nos. 9, 10, 51, 56, 57; Alexis de Tocqueville, *Democracy in America* (New York: Harper & Row, 1966), pt. 2, chaps. 1-4.

ballot cannot make policy or choose specific candidates—but it is absolute.

Second, the rhetoric of certain proponents of regulation to the contrary, there is simply no economic class war in the field of political finance. Admittedly, only a small minority contributes to political campaigns—in 1980 only 13 percent of voting-age Americans—and contribution patterns correlate broadly with levels of affluence. Yet the actual size of the average contribution tends to be modest. In 1980, the last year for which figures are available, only 15 percent of the total funds raised by congressional candidates came from annual individual contributions of over $250. In the same year, the average contribution to a political committee was $100. If 87 percent of the voting-age population in 1980 made no political contributions at all, it certainly was not due to economic constraints. While in 1980 all congressional candidates were raising a total of $127 million in campaign funds, the national expenditure on chewing gum--presumably consumed by poor and rich alike—was over $1 billion.[30] Clearly, the absence of most Americans from the lists of political contributors represents not a failure of economic power, but of political inspiration.

Third, political influence—the capacity to draft policy for, nominate leaders to, and negotiate on behalf of political groups—is, and always will be, unequally distributed. The control of political groups will always be monopolized by the interested and the organized. All politics is a struggle for power by coalitions of interests and values. True republics are distinguishable from other forms of government not because the underlying political forces are different, but because the struggle for political dominance takes place largely in public.

Here lies the reason why private political finance is necessary to true political equality: the suppression of private political campaigns does not eradicate the unequal distribution of social goods. It does not render innocuous the forces that underlie all politics. It only drives the interplay of interest and inequality from the public forum into the shadows. Are private political campaigns illegal? Then powerful interests will exert their full power to influence the nominating or primary process, outside of and prior to the heightened public scrutiny of elections. Is legislation passed that irrationally discounts the interests of significant minorities? Then the gap between the law of the community and social reality will be filled with cynicism and corruption.

The indispensable role of private political finance, properly understood, is to bring the conflict of powerful social forces into the public forum. Only then can the exercise of the equal right to vote have a meaningful impact on the political process and serve to counterbalance inevitable disparities in social attainment.

CONCLUSION

The discussion that has been presented here outlines the argument against government regulation of political finance. The justifications for regulation betray a superficial understanding of our political process. The market for political finance in the past has displayed a protean capacity to evade par-

30. Sabato, *PAC Power*, p. 59; Herbert Alexander, *Financing the 1980 Election* (Lexington, MA: D.C. Heath, 1983), pp. 373, 422; *Washington Post*, 18 Nov 1982

tial control, and it is constitutionally invulnerable to total control. The restrictions now in place succeed only in making it more difficult for many candidates to fund their campaigns, while biasing in an unprincipled fashion the structure of voluntary political association. Left unregulated, the market for political finance is of such breadth and competitiveness as to afford almost no chance for illegitimate economic coercion of political authority.

Finally, it can be seen that the advocates of government regulation of political campaigns would, in the name of representative government and political equality, impose a system that furthers neither value. The ideal of public funding of politics is a dream of islands, of an abstract politics conducted in isolation from political forces. The unjustly disadvantaged should be raised up, but this can be accomplished only by enlightening the powerful and the organized and not by tampering with the rules of the political process itself. If America is to continue as a liberal republic—indeed, if our shared ideals of representative government and political equality are to be fully realized—then political finance must remain private and substantially free of government regulation.

Should There Be Public Financing of Congressional Campaigns?

By CHARLES McC. MATHIAS, Jr.

ABSTRACT. In spite of seemingly comprehensive campaign finance reforms enacted by Congress beginning in 1971, the current system of financing congressional campaigns threatens to erode public confidence in the electoral process and in government itself. The sheer volume of money in campaigns has led to the perception that those who pay the campaign bills wield disproportionate influence in the process, or at a minimum enjoy greater access to elected representatives than do individual citizens. Public funding of congressional races is a workable means of lessening candidates' reliance on private contributions. Moreover, it is the only effective means of placing reasonable limits on overall campaign spending.

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SAMUEL Johnson once remarked that nothing is so conducive to a good conscience as the suspicion that someone may be watching.

This observation reminds us of the purpose and underlying principle of campaign finance reform. In a perfect world, there would be no need to proscribe certain behavior in the setting of political campaigns, since individuals would not seek influence through their contributions, candidates would never be beholden to large donors, and the system itself would remain an open one. In the real world, campaign finance laws are necessary rules of behavior designed to protect the political process and promote certain basic democratic values. These laws and their enforcement help ensure that elections and government itself are free of abuses that would subvert democratic society.

The dynamics of the electoral system have such far-reaching ramifications for how we conduct ourselves as a democratic nation that we cannot view campaign finance in isolation from other facets of the democratic process. Our understanding of the nature of representation and participatory democracy, what we mean by consent of the governed, and our view of the legitimate function of government are integral to any discussion of what we want campaign finance reform to accomplish. The way in which we conduct our elections must then defer to these broader principles and values.

The role of money in elections is a troubling spectacle to this nation in 1986. The first stages of reform have given us a great wealth of information on campaign finances, but the statistics also warn that the problems of big money in the process persist. The potential for abuse lingers on because of unfinished business: the Congress's failure to provide for public financing of congressional campaigns.

The concept of public financing of elections in this country is not new. In 1907, President Theodore Roosevelt supported the concept in his state-of-the-union message. In 1907, the Progressive Republican program was seen as the only way to get corrupt money and excessive money out of elections, and that is truer than ever 79 years later. Campaign finance data of the last 14 years and the current role of money in politics demonstrate conclusively that the American public would be better served by a system of publicly funded congressional elections than by any other single campaign finance reform now under consideration.

MONEY IN CAMPAIGNS

The sheer volume of money in the political process should be sufficient to prove the case for limiting its influence. Campaign finance experts estimate that campaign spending for all elective offices reached $1.2 billion in 1980.[1] The 1982 midterm elections saw campaign spending top $900 million.[2] If the cost of congressional mass mailings in the amount of $100 million is added to the total, we again reach the billion-dollar figure. Another record-setting year was 1984: candidates for the House and Senate spent more than $374 million.[3]

1. U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, 98th Cong., 1st sess., 26 and 27 Jan., 17 May, and 29 Sept. 1983, pp. 99, 124.

2. "A $900 Million Election Stirs Reform Cries," *U.S. News & World Report*, 20 Dec. 1982, p. 28.

3. U.S., Federal Election Commission, *FEC Reports on Financial Activity 1983-1984. Final*

The costs of running for federal office have increased dramatically in the past decade or so. The 1984 total compares with approximately $88 million just ten years before.[4] Even discounting for inflation during this period, the overall cost of running for Congress has more than doubled since 1974.

Even more striking than the totals are the growing number of House and Senate candidates who are spending astronomical sums of money. In 1974, 10 candidates for the House spent more than $200,000. By 1978, 128 candidates exceeded that amount, and in 1982, the number climbed to 353.[5] In 1974, no House candidate exceeded $500,000 in expenditures; 7 candidates reached that level in 1978, and 67 did in 1982.[6] Let us go one step further. In 1978, we saw the first $1 million House candidate. There were 2 at that level in 1980 and 5 in 1982.[7]

Looking at Senate races, one finds striking expenditure increases in the elections just completed compared with the same races six years before. In 1978, 21 Senate candidates spent more than $1 million in the general election; in 1984, at least 30 candidates spent that much. In 1978, 6 candidates spent more than $2 million, and in 1984, at least 16 did. Finally, there were 2 candidates who spent more than $4 million in 1978, and 7 candidates exceeded that incredible sum in 1984. The latter year, 1984, also saw one record-breaking $26 million Senate race.[8]

There is another noteworthy development allied with these huge increases in campaign costs. The system seems to be attracting more people with vast personal wealth, who are uniquely able to bear the high cost of seeking public office. In 1982, for instance, half of the candidates for the U.S. Senate reportedly were millionaires.[9]

What do these figures suggest about the current state of campaign finance? The views of candidates and officeholders provide one perspective. Senator Alan Cranston, Democrat from California, testified before the Senate Committee on Rules and Administration in 1981:

> To raise my $3 million campaign fund in 1980, I averaged a fundraiser every 2½ days, every 60 hours, for two straight years. The demand of such a strenuous fundraising schedule substantially decreased the amount of time I was able to spend meeting with, talking with, and listening to people who are not prospective contributors, and reduced my ability to do many other things we normally associate with a political campaign in a democratic society.[10]

Report U.S. Senate and House Candidates (Washington, DC: Federal Election Commission, 1985), p. xii.

4. Common Cause, *Campaign Finance Monitoring Project: 1974 Congressional Campaign Finances*, vol. 1, *Senate Races* (Washington, DC. Common Cause, 1976), p. vi

5. Norman J. Ornstein et al., *Vital Statistics on Congress*. 1984-85 ed (Washington, DC: American Enterprise Institute for Public Policy Research, 1984), p. 67.

6. Ibid , p. 68.

7. "House Seat Can Cost $1 Million," *Washington Post*, 25 Oct. 1984.

8. U.S., Federal Election Commission, *FEC Reports on Financial Activity 1977-1978*, interim report no. 5, *U.S. Senate and House Campaigns* (Washington, DC: Federal Election Commission, 1979); idem, *FEC Reports on Financial Activity 1983-1984*.

9. "Elections: It Doesn't Hurt to Be a Millionaire," *U.S. News & World Report*, 15 Nov. 1982, p. 8.

10. U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on the Application and Administration of the Federal Election Campaign Act of 1971, as Amended*, 97th Cong., 1st sess., 20 and 24 Nov. 1981, p. 96.

Senator Thomas Eagleton, Democrat from Missouri, related the following in 1983 testimony:

> When I ran for the Senate in the 1968 general election, I spent $200,000. By 1974, it had grown to $513,000. By 1980, it had grown to $1,456,000. By 1986, under existing trends . . . it will be $2 million plus. . . . There is no way I could raise such an amount from small contributors within Missouri.
>
> What has changed . . . is that money, always a necessary tool of waging a campaign, has now become the be-all and end-all of the political campaign. Fundraising has gone from a campaign ingredient to an all-pervasive campaign obsession. Senators start raising their war chest sometimes three or even four years before their reelection date.[11]

Another witness, a political consultant, commented after listening to Senator Eagleton's remarks that the senator's estimate of the cost of his next campaign was probably off by about half—it was more likely to cost $4 million.[12]

Concern with campaign fund-raising is not a partisan affair. Senator Barry Goldwater, Republican from Arizona, has spoken out strongly on the topic:

> Unlimited campaign spending eats at the heart of the democratic process. It feeds the growth of special interest groups created solely to channel money into political campaigns. It creates an impression that every candidate is bought and owned by the biggest givers. And it causes elected officials to devote more time to raising money than to their public duties.[13]

Senator Goldwater goes so far as to call the present state of campaign finance a "crisis of liberty."

These concerns cannot be lightly dismissed. When we have reached the point at which an officeholder says, "Yes, I am troubled by what I have to do to raise campaign funds; yes, the process is time consuming and detracts from my ability to perform the duties of an elected representative; and yes, the public perception of the process may undermine confidence in the system," all of us should ask whether more remains to be done.

Fund-raising is as burdensome—in some respects, more so—for a challenger. It is a safe bet that many, many qualified men and women decide not to run for office solely because of the prospect of having to raise the enormous amounts of money the experts say are necessary to run a competitive race. Quite simply, the need to attract great financial resources has become a formidable barrier to those contemplating running for federal office. The price tag of campaigns, and the necessity of raising these huge amounts from private sources, should cause us to have grave doubts about how open the system remains. While the ability to attract vast sums of campaign contributions may be one means of testing a candidate's appeal, it should not be the only one, and certainly it should not be the single most important factor in determining a candidate's qualifications for higher office.

Compounding a challenger's fund-raising problems is the increasingly common practice of incumbents' accumulating substantial campaign war chests far in advance of the next election.[14] In part an understandable response to the

11. U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, p. 50.

12. Ibid., p. 145.

13. Ibid., p. 400.

14. As of 31 Dec. 1982, nine Senate incumbents up for reelection in 1984 had raised over $100,000, and three of these had raised in excess of $600,000.

prospect of costly campaigns, campaign war chests are also, in the candid assessment of one member of Congress, "one of the opportunities incumbents have to frighten off opponents," with the result, he remarked, of "reduc[ing] the possibility of viable choices, which is what democracy and freedom are all about."[15]

While difficulty in raising money and the deterrent effect of incumbents' war chests keep many prospective challengers out of the race, they do not discourage candidates able to make substantial contributions from their personal funds. As the statistics presented before suggest, the incidence of very wealthy candidates seeking political office is on the upsurge. In 1982, 15 Senate general-election candidates contributed $100,000 or more to their campaigns.[16] Preliminary figures for 1984 show that 12 Senate candidates lent their campaigns $100,000 or more.[17] In what seemed certain to be an all-time record, a losing Senate candidate spent over $6.8 million of his personal funds in 1982.[18] Two years later, however, 1984 proved to be another record-breaking year, when a winning Senate candidate spent $10 million on his own campaign.[19]

15. U.S., Congress, House, Committee on House Administration, Task Force on Elections, *Hearings on Campaign Finance Reform*, 98th Cong., 1st sess., 9, 16, 21, and 23 June, 8 July, 22 and 23 Aug., and 12 Oct. 1983, p. 197.

16. Richard E. Cohen, "Giving till It Hurts: 1982 Campaign Prompts New Look at Financing Races," *National Journal*, 18 Dec. 1982, pp. 2146-47.

17. U.S., Federal Election Commission, "Aggregate Loans from the Candidate as Reported by Major Party General Election Senate Campaigns, 1983-84 Election Cycle" (Data generated from a computerized data base, Federal Election Commission, 1985).

18. Cohen, "Giving till It Hurts," p. 2146.

19. Federal Election Commission, *FEC Reports on Financial Activity 1983-1984*, p. 331.

This trend poses the danger that th voices of the affluent will be hear disproportionately on the campaig trail and in the halls of government Fairness—not to mention the health o representative government—dictate that the political arena be open to all irrespective of personal wealth. It is a travesty to perpetuate a system of cam paign finance that permits the unlimite expenditure of a candidate's persona funds at the same time that it signifi cantly limits sources of funding fo other participants.

The contributor's view

There is yet another perspective fron which to view campaign fund-raising— that of the contributor. On the positiv side, those who contribute may feel the have a stake in the outcome of a election and so may be motivated t greater participation. Giving may als reinforce a sense of group ties or iden tity, since through association or pool ing of resources individuals have a greater collective impact on the process As they reflect the attitudes and th intensity of feeling of individuals towar a candidate, contributions may als provide some indication of how broadl based support for a candidate is. Knowl edge of who his or her supporters ar also probably leads to a greater appre ciation by a candidate of what th supporters' needs are and promote responsiveness in meeting those needs, i there are not other countervailing inter ests at stake.

We have seen in the evolution o campaign giving under the current law however, an erosion of the positiv character of contributions. Most notice able is the diminution of the role of th individual small contributor. This reduc tion in importance occurred simpl

because the scale of campaign expenditures has come to dwarf the resources available to most individuals. In contrast to the individual giver, the highly organized and well-funded interest group has the means not only to survive but to thrive. It is this picture of campaign giving that should concern us.

Under current law, multicandidate political committees, commonly known as political action committees (PACs), are allowed to contribute up to $5000 to a candidate per election. The development of PACs in response to the law has been one of the most striking side effects of campaign finance reforms. Since 1974, the number of PACs has risen dramatically, from 608 to 4000.[20] Not surprisingly, as campaign spending has risen, so has the amount of PAC money contributed to congressional candidates, from $34 million in 1978 to over $105 million in 1984. The percentage of PAC money as a part of overall campaign receipts also has edged steadily upward.[21]

Perhaps more disturbing is the pattern of PAC giving. There is, for instance, a demonstrable bias in favor of incumbents in PAC contributions. Figures for the 1984 election showed that House incumbents received $81 million in PAC funds compared to $19 million for challengers.[22] In the eyes of some, PAC giving suggests an ominous trend—an ever increasing dependence by officeholders on highly organized special interests for campaign funds. That groups in the private sector have an important stake in the decisions of government and will seek a voice in formulating governmental policy is understandable. The growing presence of PACs, however, has raised fears that these special interests have come to play a disproportionate role—a role that may carry with it the seeds of actual or potential corruption.

In response to concern about PAC giving, some have called for an increase in the limits on individual contributions, an argument strengthened by the fact that no adjustment has been made since the limits were set in 1974. The $1000 limit, however, is even now beyond the reach of the vast majority of individual contributors. Raising limits on individuals might not awaken fears that candidates will once again become beholden to individual large contributors, but it would continue to shift the basis of campaign support toward those with greater financial resources. It would not solve the basic problem of how to keep the system open and fair.

If campaign contributions carry their own political message, as we must acknowledge they do, the missing element in today's campaigns is the unarticulated view of those who are not well organized, who lack the financial resources and perhaps the motivation to be active participants in the process. If they are to be represented in government and their interests taken into account, their presence should be acknowledged at the stage at which the issues are framed and the agendas set for making future public policy—in campaigns for elective office. The current system of campaign finance has made it increasingly difficult to accomplish this goal.

20. U.S., Federal Election Commission, "PAC Numbers Show Slight Drop in 1985" (Press release, Federal Election Commission, 1985).

21. U.S., Federal Election Commission, "FEC Final Report for '84 Elections Confirms Majority of PAC Money Went to Incumbents" (Press release, Federal Election Commission, 1985).

22. Ibid.

CONGRESSIONAL POWER TO REGULATE MONEY IN CAMPAIGNS

Congress, in attempting to regulate the role of money in campaigns, faces a difficult question: the degree to which money in politics is entitled to protection as speech under the First Amendment. The Supreme Court in *Buckley* v. *Valeo*[23] reviewed the constitutionality of limits on campaign contributions and expenditures enacted by Congress in the Federal Election Campaign Act of 1971, as amended in 1974. The Court's analysis began, significantly, with its observation that "virtually every means of communicating ideas in today's mass society requires the expenditure of money."[24]

The Court saw contribution limits as only a marginal restriction on the contributor's ability to engage in political communication, characterizing contributions as mere speech by proxy.[25] While the Court found that contribution limits worked a more significant restraint on freedom of political association, it upheld the limits, citing an earlier decision that "even a 'significant interference' with protected rights of political association may be sustained if the State demonstrates a sufficiently important interest and employs means closely drawn to avoid unnecessary abridgment of associational freedoms."[26] The Court found such justification by looking to the act's primary purpose of preventing the fact or appearance of undue influence. "To the extent that large contributions are given to secure political *quid pro quos* from current and potential officeholders, the integrity of our system of representative government is undermined."[27]

On the other hand, the Court found that limits on expenditures by candidates and their supporters imposed direct and substantial restraints on the quantity of political speech. Moreover, since the expenditure limits, unlike limits on contributions, did not serve the purpose of eliminating the reality or appearance of corruption, the Court found no justification for such a restriction.

Following this analysis, the Court struck down a $1000 limit on expenditures by individuals that were totally independent of the candidate's campaign. The Court reasoned that such independent expenditures provided only limited assistance to a candidate and could even prove counterproductive to a candidate's campaign. Thus the Court concluded that independent expenditures did not pose the danger of eliciting improper commitments from a candidate. In reviewing the Federal Election Campaign Act's limit on a candidate's expenditures of his or her own personal funds, the Court noted that a candidate using his or her own funds would be less dependent on contributions from others and consequently more immune to the risks of undue influence.

The Court specifically found that neither equalizing the relative ability of individuals and groups to influence the outcome of elections nor equalizing the relative financial resources of the candidates was a sufficient or even permissible governmental interest to justify the serious First Amendment intrusions represented by expenditure limits. Thus, the Court held, limits on overall campaign expenditures, on independent

23. 424 U.S. 1 (1976).
24. Ibid., p. 19
25. Ibid., p. 21.
26. Ibid., p. 25.
27. Ibid., p. 26.

expenditures, and on expenditures by a candidate from personal funds were unconstitutional.

The *Buckley* decision fails to recognize that the integrity of the electoral process is threatened if the only effective participants are those with vast financial resources. *Buckley* thus represents a giant step backward in the effort to reform campaign finance. As Judge J. Skelly Wright notes in a persuasive critique of the Court's ruling, congressional regulation of campaign spending can be a powerful tool to enhance, not limit, First Amendment liberties.[28]

Even if Congress continues to be limited by the *Buckley* holding, however, an important means to limit excessive campaign spending still remains. The Court also held that Congress may impose limits on overall spending and on the expenditures of personal funds by a candidate in the context of a publicly financed campaign.

Why public finance?

In view of the serious problems associated with money in campaigns and the legal restraints on congressional power to regulate, a system of public finance is the next essential reform. Partial public funding with realistic expenditure ceilings would enable candidates to run competitive campaigns in which private funding would continue to play an important but not a dominant role. A grant of public funds would free candidates from the incessant demands of fund-raising and offers the hope of shortening the seemingly endless campaign season. A system of public finance that includes a limit on the amount candidates may contribute to their own campaigns would eliminate the unfair advantage enjoyed by those with great personal wealth. And most important, public financing in congressional campaigns would restore a missing equilibrium between the sources of campaign funding and give officeholders a greater measure of freedom to address issues in the broad national interest. Such results would go a long way toward renewing public belief in the integrity of the electoral process.

Some will say that such further reforms will only lead to more creative means of circumventing the limits, that "special interest money has always found its way into the political system . . . [and] always will."[29] All reform, however, is based on the notion that there are values at stake that make it worthwhile and, in some instances, imperative to control the potential for abuse in a system. That reforms at times have failed to achieve their stated goals, or that they have produced unintended and perhaps undesirable consequences, should not lead us to abandon efforts to safeguard the integrity of a process so vital to the preservation of democratic values.

Perhaps as important as stating what public funding would do is stating what it would not do. The most serious concern is that publicly funded congressional campaigns, with limits on spending, would divert money into other channels—specifically, into independent expenditures. The emergence of independent expenditures in the aftermath of *Buckley* reasonably could

28. J. Skelly Wright, "Money and the Pollution of Politics: Is the First Amendment an Obstacle to Political Equality?" *Columbia Law Review*, 82(4) (May 1982).

29. Committee on Rules and Administration, *Campaign Finance Reform Proposals of 1983*, p. 107, n. 5.

lead us to expect a growth, even a surge, in independent spending following enactment of public finance legislation. Witnesses in congressional hearings have been blunt in saying so.

An example cited is the publicly funded 1980 presidential general election, in which individuals' circumscribed ability to contribute to the presidential campaign gave impetus to the creation of political committees operating independently of the major candidates' committees. A similar phenomenon is projected for congressional campaigns, which, we are told, will become battlegrounds for a kind of independent-expenditure guerrilla warfare in which "Terry Dolan . . . and anyone else with the guts, the desire, and the lists . . . [can] become the future political kingmakers."[30]

Regulating independent expenditures

Even if independent expenditures increased dramatically, we do not have to accept as inevitable that they would wreak havoc on the political system. Instead, we should ask what means exist for regulating independent expenditures, if they become a problem.

The Supreme Court, in striking down limits on independent expenditures in *Buckley*, stated, "Independent advocacy . . . does not presently appear to pose dangers of real or apparent corruption comparable to those identified with large campaign contributions."[31] Unfortunately, in a more recent case the Supreme Court again struck down limits on independent expenditures, holding unconstitutional a $1000 limit on independent spending by political committees in support of candidates in presidential general elections who accepted public funding. The Court in a 7-to-2 decision held that the expenditures in question were entitled to full First Amendment protection and, absent a showing of any "tendency . . . to corrupt or to give the appearance of corruption,"[32] the $1000 limit was constitutionally infirm. As Justice White notes in his dissent, the Court's continuing reluctance to defer to Congress in Congress's effort to regulate campaign finance remains a formidable barrier to achieving a system broadly designed, in his words, to "eliminate the danger of corruption, maintain public confidence in the integrity of federal elections, equalize the resources available to the candidates, and hold the overall amount of money devoted to political campaigning down to a reasonable level."[33]

Even though the Supreme Court for the present appears unconvinced that there are compelling reasons for limiting independent spending, Congress can still take steps to curb the abuses associated with such spending. First, Congress should encourage rigorous enforcement of the requirement that there be no coordination with a candidate's campaign.[34] Second, Congress should consider new legislative means of counteracting the harmful effects of independent expenditures in more direct ways.

A question to be considered at the outset is whether the independent expen-

30. Ibid., p. 145

31. 424 U.S., p. 46

32. *FEC* v. *National Conservative Political Action Committee*, 105 S.Ct. 1459 (1985).

33. Ibid., p. 1475.

34. On the adequacy of the FEC, see William C. Oldaker, "Of Philosophers, Foxes, and Finances. Can the Federal Election Commission Ever Do an Adequate Job?" this issue of *The Annals* of the American Academy of Political and Social Science.

ditures are in compliance with existing law; that is, are they truly independent? Current law defines an independent expenditure as

an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.[35]

To the extent that these guidelines are observed, it was the Court's view at least that "independent expenditures may well provide little assistance to the candidate's campaign."[36] It is still far from clear whether independent expenditures may be able to influence, let alone decide, election results. One of the largest independent expenditure committees, the National Conservative Political Action Committee (NCPAC), established its reputation in 1980 when four out of the six liberal Senate incumbents it targeted in its negative campaigning lost their reelection bids. In 1982, however, of nine targeted House and Senate candidates against whom NCPAC spent amounts ranging from $127,000 to $783,000, only one was defeated. NCPAC spent over $600,000 in the U.S. Senate race in Maryland in 1982 in a negative campaign that by most accounts helped the candidate it attacked and hurt his Republican opponent, who lost the election by a wide margin.[37]

That independent expenditures may be unpredictable in their effect and that in some instances they have backfired do not mean that they cannot have harmful consequences for the political process. If these occur, Congress should consider new legislation to address the problem.

Public finance and political parties

The discussion of the consequences of public finance would be incomplete without asking what effect it would have on the political parties. In spite of early predictions, it is obvious that campaign finance regulation has not brought about the demise of the major parties. The Republican Party, in a way now being copied by the Democrats, has adapted remarkably well to both the law and the new technologies of campaigning. Within the constraints of contribution limits, the Republican National Committee, the National Republican Senatorial Committee, and the National Republican Congressional Committee have all been enormously successful fundraisers, able to assist Republican candidates up to the maximum allowable limits under current law. Although parity does not now exist between the two major parties in fund-raising ability, it will no doubt come to pass before the decade is out.

Public funding need not affect the contributions and coordinated spending efforts parties are currently able to make on behalf of candidates. Ways of further expanding the parties' role might well be explored, both in the context of publicly funded congressional races and through other legislative proposals to encourage party-building efforts. As significant as the monetary contributions of parties are, considerable advantages flow from an ongoing organizational structure and a steadily growing body of expertise on

35. 2 U.S.C. § 431(17) (1979).

36. 424 U.S., p. 47.

37. *Campaign Practice Reports* (Washington, DC: Congressional Quarterly, 1982), 9(21):1.

effective campaign techniques. Some, in fact, see parties taking over many of the functions of political consultants in providing campaign services to candidates, a development that would further enhance the role of parties as formidable players in campaign finance.

Proposals for publicly funded campaigns also have raised the conflicting concerns that the major parties will face an onslaught of third-party and independent candidacies and that such a system will altogether freeze out candidacies from other than the major parties. Both fears seem exaggerated.

A system of public finance cannot constitutionally exclude independent and third-party candidates. Yet the concern that public finance would artificially bolster independent and third-party candidacies seems unwarranted. Virtually every public finance proposal discussed in Congress has imposed a threshold eligibility requirement. The requirement may consist of a specified amount of money that a candidate must raise in order to qualify for public funds or a certain number or percentage of signatures of qualified voters or of ballots cast in the election.

To the extent that third-party candidates or independents are able to meet reasonable qualifying thresholds, they are entitled to some measure of public funding, a result that should not threaten the stability of the system. While public funding may to some extent stimulate fund-raising efforts or other activity by third-party candidates in order to qualify for public funds, it is difficult to see how a system of matching grants would radically change the amount of funds available to non-major-party candidates in the process.

Incumbents and public finance

Finally, a word should be said about the alleged pro-incumbent bias of public finance. This is a subject on which reasonable men and women have disagreed and probably will continue to do so. The most commonly heard argument is that expenditure limits are likely to hurt challengers more severely, since ordinarily they will need to spend more than an incumbent simply to achieve name recognition. A companion argument suggests that spending limits fail to take into account the considerable benefits accruing to an incumbent by virtue of the perquisites of office.

Does a challenger have to outspend an incumbent in order to win? The figures show that some challengers who outspent incumbents won and that, conversely, some who were outspent by the incumbents won.[38] What may well be as important to a competitive race by a challenger is the certainty that an adequate level of funding will be available, to enable a challenger to develop his or her campaign strategy well in advance.

A lack of funds at a critical stage in a campaign can be devastating, and an abundance of funds so late in the campaign that planning opportunities have been lost can be of little use. The challenger who lacks funds early, for instance, cannot at the last minute produce and run television advertisements that may be crucial. In addition to improving

38. Figures showing relative campaign expenditures by incumbents and challengers in races in which the incumbent was defeated reveal that for the period 1974-82, successful challengers were outspent by incumbents in the aggregate in three out of five of these elections. See Ornstein et al., *Vital Statistics on Congress*, p. 67.

opportunities for campaign management, public funding would introduce the concept of a level playing field in a large number of congressional races in which it would otherwise be absent—hardly a boon to incumbents.

There still may be the fear that public funding fails to take into account the obvious value of incumbency itself. Thus, in reality, challengers will be outspent in every race.

The official duties of members of Congress do encompass activities that can be factors in a member's reelection. Not the least of these is a member's voting record. The use of voting records in past campaigns suggests that this fact is not lost upon challengers or others. An incumbent's record alone may not cancel out the advantages of incumbency, but it should not be ignored when evaluating the fairness of a system of public finance.

The liabilities associated with incumbency do not justify an incumbent's using the resources of his or her office in patently political ways. Reforms undertaken by both houses of Congress in recent years reflect a concern that members of Congress not be perceived as using their position of public trust for political advantage.[39] Ultimately, any system of public finance must take into account concerns about the advantages of incumbency and, if necessary, must include provisions to compensate challengers for such advantages. That such adjustments may be needed should not overshadow the many positive attributes of a system of publicly funded congressional elections.

CONCLUSION

Public funding of congressional races is a workable solution to the problems that are most troubling in the current system of campaign finance. The role money plays in elections has made it increasingly difficult for the democratic process to function properly. If we continue on our present course, eventually we will reach the day when the amassing and spending of campaign money will have fatally undermined public confidence in the process and thwarted the democratic values the system is supposed to serve. The vast sums of money in contemporary campaigns already have had a corrosive effect on participatory democracy. If unchecked, the influence of money will continue to exaggerate and exacerbate an imbalance based on unequal financial resources and will further dispossess those who already have too little say in the decisions of government.

Congress 15 years ago set out to reform the role of money in politics. It is time it finished the job.

39 Rule 40, Standing Rules of the Senate, currently prohibits any senator from using the frank for mass mailings in the 60 days preceding an election in which he or she is a candidate (par. 1), precludes use of Senate computer facilities for storing lists that identify individuals by any partisan political designation (par. 5), and prohibits use of Senate radio and television studies in the 60 days preceding an election in which the senator is a candidate (par 6).

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Money in Politics

By RICHARD BOLLING

ABSTRACT: There is one basic problem undermining the ability of Congress to address all other issues effectively. That problem is the corrosive, pervasive, and too often invisible influence of special interest money. Most damaging to Congress is the recent explosion in campaign finance contributions from political action committees. There are other forms of special interest money that are also increasingly corroding the integrity of Congress, such as speaking fees and undisclosed multimillion-dollar lobbying efforts. All of this special interest money is threatening the ability of Congress to govern. We must look for ways to make it easier for congressional candidates to say no to political action committees, say no to the interest groups offering honoraria, and say no to hidden lobbying pressures. The best way we can help Congress to say no is to provide some form of public financing for congressional campaigns.

From 1949 to 1982, Congressman Bolling was the representative for the Fifth District of Missouri in the U.S. House of Representatives, where he served as chairman of the House Rules Committee, the Joint Economic Committee, and the House Select Committee on Committees. He is the author of two books dealing with Congress, Out of Order *and* Power in the House, *and coauthor of* America's Competitive Edge. *He is currently working on a book on improving the effectiveness of federal, state, and local governments in the United States. Congressman Bolling received both his undergraduate and master's degrees from University of the South.*

NOTE: Adapted from a speech delivered by Richard Bolling at Boston College, Chestnut Hill, Massachusetts, in September 1983

IT is well established, I suppose, that those, like Thoreau or Dante, who spend time in strange or distant or eye-opening places are obliged to report back on what they have seen and learned. This article reports on some of what I have seen during my years in another eye-opening place, the U.S. Congress. While I found it less idyllic than Walden Pond, fortunately I also found it less hellish or populated with sinners than the Inferno.

I am, in fact, an ardent fan of the institution of the U.S. House of Representatives, but these days I am also extremely concerned about the Congress and its ability to govern effectively. My concern does not stem from the magnitude or complexity of the issues that confront Congress. During my 34 years there, my colleagues and I with some success addressed a number of the most difficult and deep-rooted problems this country has known, such as civil rights and poverty, education and health care; and of course, none of these jobs is ever completed. Today's problems may be difficult, but they certainly will and can be faced and dealt with.

Rather, I am concerned because one basic problem is undermining the ability of Congress to address any other issues effectively. That problem is the corrosive, pervasive, and too often invisible influence of special interest money. Most damaging to the Congress is the recent explosion in campaign contributions from political action committees (PACs), which are formed by corporations, unions, trade associations, and ideological groups in order to exercise influence by contributing money to election campaigns. There are other forms of special interest money, however, that are also increasingly corroding the integrity of Congress, such as speaking fees, known as honoraria, and the undisclosed, multimillion-dollar lobbying efforts of various industries and interest groups.

I would like to discuss where the problem of special interest money came from, how severe it is, and what we, collectively, can do about it.

THE SOURCE OF THE PROBLEM

Why has special interest money become such a threat to the Congress? There are two developments that I witnessed during my years in politics that I believe combined to produced the current crisis.

The first was the exponential growth in campaign costs. When I was first elected to Congress in 1948, I could raise only $2500. Money was hard to find, but campaigns were cheap. Some radio was used, and really no television. The average campaign cost for the House was probably less than $10,000. In 1984, in contrast, candidates for the House of Representatives on average spent $205,000. In other words, while the cost of living has increased over fourfold since I first ran for Congress, the cost of staying alive in politics has increased, on the average, by much more than 20 times.

The second development I witnessed that has contributed to the current crisis was that, as congressmen increasingly needed campaign money, interest groups increasingly wanted congressmen. Over the last 15 or so years, as the public demanded government protection and regulation in more areas, such as the environment, consumer products, and job safety, labor and corporate interest groups expanded their efforts to shape the resulting laws. Thus, as the regula-

tory budget of the federal government increased fivefold since the early 1970s, so did the number of corporate and labor PACs.

Interest groups also began seeking more influence over Congress, perhaps because Congress became the easiest and most productive place to seek it at the federal level. In 1974, Congress passed major amendments to the Federal Election Campaign Act, which had been passed three years earlier. Those amendments established that presidential candidates would have the option of financing their campaigns principally with public funds in the primaries and exclusively with public funds in the general election. Since virtually all the candidates have opted for public financing, the new public financing system has effectively prohibited private contributions in presidential general elections and reduced the role of private money in the presidential nominating process.[1] Unfortunately, however, Congress declined to adopt that reform for itself. With the role of special interest campaign contributions somewhat curtailed in presidential campaigns, and no public financing for congressional races, many special interest groups turned their attention—and much of their money—to Congress.

Over the years, as interest groups developed a greater desire to use their money to influence congressional policymaking, they also became dangerously sophisticated in how to do it. They learned to target their contributions to reach the chairmen and members of congressional committees and subcommittees with jurisdiction over highly prized tax breaks or subsidies or contracts. In the 1984 election, not surprisingly, members of two of the most powerful House committees—the Ways and Means Committee and the Energy and Commerce Committee—received on average more PAC contributions than members of any other House committee. Ironically, the same technologies that made campaigns so expensive—such as polling and direct mail—allowed these groups to target their contributions, their honoraria, and their lobbying efforts to produce the maximum influence.

At this point I would like to make it clear that to corrupt or to influence greatly outcomes in congressional committees or subcommittees usually does not require obtaining the services of many members. Congressional committees are often narrowly divided to begin with, and one or two subservient individuals may make a great difference in the outcome on very important legislation. The system is so fragile and vulnerable that real purity is essential to consistent success for the public interest.

THE EXTENT OF THE PROBLEM

As congressmen needed more campaign funds and as interest groups desired more influence in Congress, the result was an alarming growth in special interest money. It only requires a few figures and examples to see how alarming that growth has been. Consider the most corrosive source of special interest money, PACs. In 1974, there were 608 such committees. Today there are nearly 4000. In 1974 PACs gave $12.5 million to congressional candidates. By the 1984 elections their contributions exceeded $104 million, an eightfold increase in

1. Elizabeth Drew shows, however, that large sums of money are being spent that clearly evade the intent, if not the letter, of the law. See Drew, *Politics and Money* (New York: Macmillan, 1983).

just 10 years.[2] Most disturbing, the dependence of congressmen on PAC funds has increased steadily. In 1974 PAC money accounted for only about 14 percent of the funds for an average campaign in the House of Representatives. By 1984, however, House candidates on average were receiving 38 percent of their funding from PACs; 20 of 27 current committee chairs and House leaders got more than half of their campaign funds from these interest groups. In the last two elections, four Senate candidates received over $1 million each from PACs.[3]

Interest groups are pouring increasing sums of money into Congress through other channels as well, such as honoraria. In 1984, for instance, members of Congress received $5.2 million in honoraria.[4] Undoubtedly, some honoraria are modest payments for bona fide speaking engagements. But in other cases, congressmen are receiving $1000 or $2000 for merely having coffee with a handful of an interest group's executives. In many cases, the interest groups that are paying these honoraria are the same groups whose PACs are making substantial contributions. In 1984, members of the two congressional tax-writing committees received over $1 million in honoraria from special interest groups, and members of these two committees received over $16 million from PACs in their most recent election.[5] But unlike campaign contributions, honoraria are going directly into the pockets of members of Congress.

Special interest groups are also buying influence through undisclosed grass-roots lobbying efforts. Certainly there is nothing objectionable about grass-roots lobbying itself, but a number of interest groups are currently spending millions to influence legislation while disclosing few of these expenditures under federal lobbying regulations. For example, in 1983, the banking industry mounted a multimillion-dollar campaign to repeal one of the most needed parts of the 1982 tax act, that concerning withholding on interest and dividends. Banks ran scores of newspaper advertisements and enclosed millions of mini-harangues and preprinted congressional letters in their customers' monthly statements. Within weeks, Congress was inundated with letters urging repeal of withholding. Yet, because few of the trade associations and none of the banks had disclosed their massive expenditures, the withholding provision was all but repealed before Congress knew how much of the uproar had been purchased by the industry.

THE DAMAGE DONE BY SPECIAL INTEREST MONEY

All this special interest money is, in a number of ways, threatening Congress's ability to govern.

First, in many cases, the money is distorting or blocking legislation. In

2. *People v. PACs: Common Cause Guide to Winning the War against Political Action Committees* (Washington, DC: Common Cause, 1983).

3. "House Incumbents Get 44¢ of Every Campaign Dollar from PACs in 1984 Election" (Press release, Common Cause, 1985), "1984 Senate Candidates Raised $146 Million, Spent $137 Million and Received $28 Million from PACs" (Press release, Common Cause, 1985).

4. "Senators and Representatives Received $5.2 Million in 1984 Honoraria; Members of Tax Writing Committees Got $1 Million of Total; Tobacco Institute Top Giver at $129,691" (Press release, Common Cause, 1985).

5. "Business PACs Gave $11 Million to Congressional Tax-Writers" (Press release, Common Cause, 1985).

1982, for example, the Federal Trade Commission proposed the used-car rule, which would have required used-car dealers to tell customers about any known defects in the cars they were about to buy. The used-car dealers opposed the rule and, with their PAC money, persuaded Congress to veto it. The 69 senators who voted down the used-car rule received, on the average, twice as much in PAC contributions from the automobile dealers as those who voted against the auto dealers. In the House, the ratio was five to one. A recent study presented to the American Political Science Association concluded that, even accounting for party affiliation and ideology, the more than $1 million contributed by the auto dealers' PAC made a significant—and in some cases decisive—difference in the congressional votes on the rule.

There is an embarrassment of similar cases. Whether it is agricultural subsidies or health care costs or environmental protection or tax loopholes, special interest money is buying too much--and at the public's expense.

The influence of special interest money in these cases is rarely in the form of an explicit quid pro quo. Rather, this money—and especially PAC money—distorts legislation through a more subtle and ongoing process. PACs know that most congressmen run for reelection and will be periodically in need of their money. PACs also know that they will have the power to keep that money flowing to a member of Congress or to cut it off, depending on the congressmen's votes in the years between elections. Because members of Congress know they will need that money, they are hesitant to vote in ways that might offend the PACs, and in many cases, they vote in certain ways specifically to curry their favor.

Second, the torrent of special interest money is drowning out representation. Our representative democracy is founded on the principle that elected officials will freely vote their consciences while earnestly working in their constituents' best interests and actively listening to what those interests are. But a member of Congress may not feel free to vote his or her conscience when that Congress member must depend on special interest groups to provide a third or half of his or her campaign funds. Furthermore, the congressman cannot even know what his constituents' interests are when their letters are being prompted—and in some cases, printed, stamped, and mailed—by some interest group's undisclosed lobbying efforts. The result is that some congressmen are voting for legislation that bears less relation to their constituents' interests than to the special interest money they have been receiving. In other cases, special interest money simply throws Congress into deadlock, and legislation that would have been in almost everybody's interest fails to pass.

Of course, some dispute that all this special interest money erodes representation. They cite James Madison's arguments about pluralism from *The Federalist* and argue that the pressures from the PAC funds of competing groups will cancel each other out. But this argument assumes that there will always be a PAC for each of the countervailing interests. In fact, as Senator Robert Dole of Kansas has observed, "poor people don't make campaign contributions. You might get a different result if there were a Poor-PAC up here." [6] An example is the issue of the used-car rule. The only interest not represented by PAC funds in that fight were the interests of con-

6. Albert Hunt, "Cash Politics," *Wall Street Journal*, 26 July 1982.

sumers and the general public. At a time like this, when the Congress is deciding crucial questions about the course of the economy, about social equity, and about the proper role of government, we cannot afford to have policies that represent only one side—the side with the money and the PACs.

Finally, the explosion in PAC funds and other forms of special interest money is undermining public confidence in the institution of Congress, and for good reason. It may sound idealistic, but I know from experience that Congress must have and must appear to have integrity in order to retain the public's confidence. More and more, the public suspects that at least a portion of the Congress is no longer pure. The cause of this suspicion is that the public sees legislation that, to ever greater extents, looks like special interest wish lists. What the public increasingly discovers is that interest groups are buying the sort of access they as voters could never dream of, and what the public increasingly hears is members of Congress and former members like myself sounding the alarm.

The public justifiably loses faith in the Congress when it hears my former colleague from Missouri, Senator Thomas Eagleton, saying the present campaign-financing system

> virtually forces Members of Congress to go hat in hand, begging for money from special interests whose sole purpose for existing is to seek a *quid pro quo*. The scandal is taking place every day and will continue to do so while the present system is in place.[7]

The public justifiably loses faith in the Congress when it hears former Congressman James Shannon of Massachusetts saying that

> the problem of money in politics hasn't been an obsession of mine, but it's becoming one now. . . . What's bothering me is when you start seeing guys acting against what you know are their philosophies and constituencies and instincts. . . . There are some here who say that PACs don't influence public policy. That's baloney.[8]

And the public justifiably loses faith in the Congress when it hears Senator Dole saying that

> when these political action committees give money they expect something in return other than good government. It is making it much more difficult to legislate. We may reach a point where if everybody is buying something with PAC money, we cannot get anything done.[9]

In sum, during my service in Congress, I witnessed congressmen's needs for funds and interest groups' desire for influence increase and combine in a way that steadily began to undermine policy, representation, and the institution of Congress. I remember that as we moved through the sixties and through the Johnson administration, there developed an undefinable feeling on Capitol Hill and in Washington—an odor, if you will—that the amount of money flowing in was becoming enormous and that there were some situations developing very rapidly that were just ripe for corruption. During the Nixon administration, as the Watergate scandal broke open, that odor became a stench. By the time I retired, the corruption of special interest money had infected the legis-

7. Statement of Senator Thomas Eagleton, in U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, 98th Cong., 1st sess., 1983, p. 52.

8. Drew, *Politics and Money*, p. 51

9. Hunt, "Cash Politics."

lative branch, and, partly as a result, I found myself serving in the most gutless Congress I had ever seen. What I fear today is that special interest money is damaging Congress to the same scandalous degree that it damaged the executive branch during Watergate; the only difference is that the means now being used appear to be sanctioned.

THE FRAMEWORK FOR A SOLUTION

I believe that there is a way out of this problem, and I think an examination of how we have dealt with special interest money in the past gives some guidance for where we should go in the future. Basically, it seems that in the past we have tried, to varying degrees, to reduce the undue influence of special interest money by making it visible, reasonable, and resistible.

The first reaction to special interest money typically has been to make it visible. Thus the key provisions of the first major piece of campaign-finance legislation to pass Congress in recent times, the Federal Election Campaign Act of 1971, required disclosure of contributions to federal campaigns and required PACs to register with the government. Similarly, Congress first attempted to make lobbying more visible by requiring that interest groups report such expenditures, and the Senate initially tried to cope with honoraria by requiring that they be disclosed.

Effective disclosure laws are essential to curbing the excessive influence of special interest money. In the area of campaign finance, for example, disclosure has enabled the press and groups like Common Cause to become effective watchdogs over PAC spending. Of course, the fact that PAC contributions continue to corrupt Congress demonstrates that visibility is not always enough, but in other areas, such as lobbying, effective disclosure is likely all that is necessary or warranted.

The second step toward curbing special interest influence has been to make special interest money reasonable. By this I mean that special interest money must be limited to amounts that are reasonable relative to other sources. That was the step Congress took following Watergate; as it limited the allowable size of contributions from individuals and political parties, it also limited the allowable size of PAC contributions.

That was also the step Congress ultimately took with regard to honoraria. House members limited outside earned income like honoraria to 30 percent of their salaries and—after a tough fight that the late Senator Henry Jackson led in 1983 with courage and wisdom—the Senate ultimately followed suit.

In late December of 1985, however, Congress increased the honoraria limit for Senators—as a regrettable Christmas stocking stuffer. Senators can now receive up to $30,000 in honoraria per year; for House members the limit is $22,000.

Finally, to make special interest money less corrosive, we have tried some measures to make it resistible. That is, Congress tried to wean candidates and elected officials from their dependency on fat-cat donors and interest-group money by providing them with alternative means of support. This was the philosophy behind the provisions in the 1974 laws that established public financing and expenditure limits for presidential campaigns. By providing an alternative source of campaign funds, the laws at least partially freed

presidential candidates from the sort of influence-seeking funds that loomed so large in Watergate.

Originally, those laws also specified expenditure limits for congressional candidates. These limits sought to make special interest money more resistible by making campaigns less expensive. Unfortunately, in the 1976 case of *Buckley* v. *Valeo*, the Supreme Court struck down the congressional expenditure limits by ruling that such limits could exist only in conjunction with public financing.[10]

The desire to make special interest money resistible has also been evident in past efforts to control honoraria. Many have argued for adequate congressional salaries in conjunction with limits on honoraria. The reasoning is clear: it is preferable to make Congress beholden to the public than to exclusionary monied interests.

If the solution lies in making special interest money visible, reasonable, and resistible, then there is still much to be done. Lobbying expenditures, for example, are still not visible. The only lobby disclosure law on the books—the 1946 Federal Regulation of Lobbying Act—is weak, loophole ridden, and unenforced. Few corporations or trade associations disclose their grass-roots lobbying expenditures. Moreover, in flagrant disregard of the existing law, many fail to file any disclosure reports whatsoever.

A great deal also needs to be done to keep the flow of special interest money reasonable. In the area of campaign finance, one urgently needed remedy is a limit on the total amount of PAC money that a congressman may accept during a campaign. It is clearly not reasonable to expect that candidates will accept over $1 million from PACs and not be influenced by that money. It is clearly not reasonable to expect that some candidates will accept over half of their campaign money from PACs and still hold the interests of their constituents to be foremost. In the Ninety-eighth Congress, Wisconsin Congressman David Obey and over 150 cosponsors introduced legislation that would limit a candidate's aggregate PAC receipts to $90,000 in House campaigns. In the Ninety-ninth Congress, Senators David Boren and Barry Goldwater and a broad bipartisan coalition have proposed similar PAC limits for both House and Senate candidates. Such legislation deserves active support.

Last, we must continue efforts to make special interest money more resistible. I believe that the overwhelming majority of representatives and senators would more faithfully represent the interests of their constituents if they could afford to do so. Therefore we must look for ways to make it easier for them to say no to PACs, to say no to the interest groups offering honoraria, and to say no to hidden lobbying pressures. The best way we can help members of Congress say no is to provide some form of public financing of congressional campaigns.[11] Although public financing of presidential campaigns has not been trouble free, and even though it also needs improvement, it has been undeniably successful in helping presidential candidates resist special interest money. Watergate demonstrated that, in 1972, the presidency was on the special interest auction block. By contrast, PAC

10. *Buckley* v. *Valeo*, 424 U.S. 1 (1976).

11. See Charles McC. Mathias, Jr., "Should There Be Public Financing of Congressional Campaigns?" this issue of *The Annals* of the American Academy of Political and Social Science.

money now accounts for less than 2 percent of presidential campaign funds. In fact, in the 1984 presidential contest, three candidates declared that they would not accept any PAC funds. We need to provide that kind of flexibility to members of Congress, and public financing is the best way to provide it.

Professor Merton C. Bernstein and I have proposed a variation on the idea of public financing for congressional campaigns. We proposed that public funds be made available that would match PAC contributions and other PAC campaign expenditures dollar for dollar. These funds would be given to the PAC beneficiary's opponent. While at first this sounds expensive, such a program would diminish and perhaps, in time, eliminate the incentive for PACs to make contributions or for candidates to accept them. If a PAC contribution or expenditure buys the favored candidate no advantage because of matching public funds to his or her rival, PAC contributions would soon lose their purpose.

PAC contributions overwhelmingly favor incumbents. In 1984 House elections, for example, of every PAC dollar, \$.78 went to incumbents. Therefore present members of Congress might be expected to resist enactment of a campaign financing program that reduces their ability to draw on PAC money. I think that many members of Congress would prefer, however, to reclaim their political fate—and perhaps their souls—from PACs. But even if they remained unmoved by such a morally tempting prospect, we are confident that challengers could adroitly exploit their opponents' continued support of the status quo.

A program of matching public funds to PAC funds could be modeled on the presidential campaign financing laws, under which the Federal Election Commission makes public money available once a candidate receives a sufficient number of individual contributions under a given amount. Each congressional candidate would be required to obtain a minimum number of contributors before qualifying for public funds. There would also be a maximum limit—say \$100—on each contribution. Once a PAC made contributions or expenditures on behalf of a candidate above that amount, the candidate's opponent would receive public funds equal to the direct contributions from the PAC and other PAC expenditures, such as the purchase of television time.

In time, I would expect PACs to diminish or disappear—and with them, the need for substantial public outlays. This proposal presents no curb on free speech, and it promises to remove PAC pollution.

It is neither naive nor idealistic to try to control the pernicious influence of money in politics. It is essential to the survival of our democracy. I remember what people said about some of the legislation we successfully ushered through Congress in those 34 years I served. They said there was no way to pass a civil rights act, but we passed not one, but several. They said there was no way to pass a budget act, but we passed it. If they say there is no way to pass lobby disclosure or PAC limits or public financing of congressional campaigns, then, I say, let them be wrong again. I also remember that when I ran for reelection in 1964, I had every party organization and many special interest groups in my district rally against me in the primary. I was able to prevail, however, and part of the reason was that I had a phrase that turned out the

volunteers and stirred up the voters. I said that it was going to be "the folks against the factions." Now that may sound naive, but it was true, and it took, and it is why we won.

These reforms to campaign financing are needed. I understand the way special interest money is hobbling the Congress that I served in for many years, and I am worried. I see that the public is not getting the legislation and the representation it deserves, and I am angered. And I hear the public asking if we can make those reforms a reality. I answer not only that we can, but that we must.

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Campaign Finance Reform: The Unfinished Agenda

By FRED WERTHEIMER

ABSTRACT In 1974, following the Watergate scandal, Congress enacted major campaign finance reform legislation. The legislation created a revolutionary new public financing system for our presidential campaigns, but it left congressional campaigns to be financed totally by private money. The presidential public financing system has worked well. Despite some incremental problems, the system has accomplished its basic goal of allowing individuals to run for the presidency without becoming dependent on their financial backers. The system for financing congressional campaigns, on the other hand, is out of control and in need of fundamental reform. The inappropriate role of special interest political action committees (PACs) in influencing congressional elections and congressional decisions is the single biggest problem facing the political process. Congress needs to complete the unfinished campaign finance reform agenda of the 1970s by enacting public financing for congressional campaigns and establishing new restrictions on the total amount that PACs may give to a congressional candidate.

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OUR democracy is founded on the concept of representation. Citizens elect leaders who are given responsibility to weigh all the competing and conflicting interests that reflect our diversity and to decide what, in their judgment, will best advance the interests of the citizenry.

It is obviously a rough system. It often does not measure up to the ideal we might hope to attain. But we continue to place our trust in this system because we believe our best chance at governing ourselves lies in obtaining the best judgment of elected representatives.

Unfortunately, that is not happening today. We are not obtaining the best judgment of our elected representatives in Congress because they are not free to give it to us. As a result of our present congressional campaign financing system—and the increasing role of political action committee (PAC) campaign contributions—members of Congress are rapidly losing their ability to represent the constituencies that have elected them.

We have long struggled to prevent money from being used to influence government decisions. We have not always succeeded, but we have never lost sight of the goal. Buying influence violates our most fundamental democratic values. We have long recognized that the ability to make large campaign contributions does, in fact, make some more equal than others. In the mid-1960s, for example, Senator Russell Long, Democrat of Louisiana, observed,

> One sweet woman was on the opposite side [in an election] and thought they were going to lose and came charging in there with a couple of hundred thousand dollars to pump up their side. . . . Anybody who would suggest that she had no more influence than any other sweet old lady in a calico dress just does not know anything about politics.[1]

Beginning in the early 1970s, Common Cause and other election reform groups pressed for fundamental changes in the campaign finance statutes. The goals were to end secrecy in campaign financing, to limit the influence of large contributions, to enable candidates of modest means to seek office without becoming beholden to campaign donors, and to increase competition in the political process. The reform agenda called for:

- —effective campaign contribution and expenditure reporting requirements;
- —limits on the size of individual and group campaign contributions;
- —a system of public financing of campaigns, including candidate access to federal funds and limits on spending; and
- —effective enforcement by an independent agency.

This reform agenda took on a new importance in the wake of Watergate, our nation's greatest political scandal. Watergate revealed that our government was literally up for sale. The money came in the form of funds contributed for the presidential campaign. As the then chairman of American Airlines explained:

> The law . . . is based on a system by which candidates for public office must seek funds from persons affected by the actions of such candidates when elected to office. The sys-

1. U.S., Congress, Senate, Committee on Finance, *Hearings on S. 3496, Amendment No. 732, S. 2006, S. 2965, and S. 3014*, 89th Cong., 2d sess., 1966, p. 78.

tem provides no limits on the total amount that may be raised or spent and hence places a premium on pressure to raise greater and greater amounts.[2]

In its final report, the Senate Watergate Committee concluded that, as a result of the systematic solicitation of corporate donors, 12 major corporations gave approximately $749,000 in illegal contributions to the Nixon campaign.[3] Corporate executives testified that they succumbed to such solicitations as a way of gaining access to administration decision makers and also out of fear of experiencing competitive disadvantages if they failed to contribute. Said one Gulf Oil executive, "I considered it considerable pressure when two Cabinet officers and an agent of one of the committees that was handling the election . . . ask[ed] me for funds—that is just a little bit different than somebody collecting for the Boy Scouts."[4]

The Milk Producers Association's pledge of $2 million to President Nixon's reelection campaign was linked in the public's mind to the increase in milk price supports. More than $1.8 million in contributions to the Nixon campaign came from people who received ambassadorial appointments during his administration.[5]

2. D. Michal Freedman, *The Watergate Reforms. Ten Years After* (Washington, DC: Common Cause, 1983), p. 16.

3. U S., Congress, Senate, Select Committee on Presidential Campaign Activities, *Final Report*, 93rd Cong., 2d sess., 1974, p. 446.

4. Ibid., p. 471.

5. Ibid, pp. 127, 492-93, 579. See Fred Wertheimer and Randy Huwa, "Campaign Finance Reforms: Past Accomplishments, Future Challenges," *New York University Review of Law and Social Change*, 10.44 (1980-81). Unless otherwise noted, figures used in this article are based on analyses prepared by Common Cause of campaign finance disclosure statements filed with the Federal Election Commission.

Reflecting on the meaning of Watergate, John Gardner, founder and former chairman of Common Cause, wrote at the time:

> In almost every aspect of Watergate, there was one common element: the flow of secret campaign cash. There are honest donors to political campaigns and honest recipients; but the existence of these does not outweigh the fact that the present system legitimizes the buying and selling of politicians. The old-style, flat-footed cash bribe has been replaced by the campaign gift, its all-purpose, prepackaged modern equivalent.[6]

The result of these revelations, not surprisingly, was an alarming drop in citizens' confidence in their government. Pollster Louis Harris in 1973 told a Senate committee that "public confidence in government generally must be reported as being lower than a constituent democracy can afford."[7]

The nation's greatest political scandal led to one of the nation's most historic and revolutionary reforms, the public financing of our presidential elections. Congress enacted public financing to prevent private campaign contributions from being used as a vehicle for obtaining influence with the president of the United States. Under this system, limits were placed on the size of contributions, overall expenditures were capped, and an alternative source of campaign money was created: public funds generated by the dollar checkoff on the federal income tax.[8]

6. Freedman, *Watergate Reforms*, p. 17.

7. U.S., Congress, Senate, Committee on Government Operations, *Hearings on a Survey of Public Attitudes*, 93rd Cong., 1st sess., 1973, pp. 6-8.

8. FECA Amendments of 1974, Pub. L. No. 93-443, §§ 101-302, 88 Stat. 1263 (1974) (codified as amended in scattered sections of 2, 5, 18, 26, 47 U.S C.).

Unfortunately, the same progress was not made at the congressional level. Although Congress established limits on contributions by both individuals and PACs and placed limits on overall expenditures,[9] members of Congress were unwilling to take the last crucial step—to establish an alternative public source of campaign funds for their own campaigns. While congressional public financing was passed by the Senate, the House narrowly rejected it, by a vote of 187 to 228, and the provision was dropped in conference. At the same time, in a major step backward and over the objections of reform groups, Congress opened the door for an increased role in special interest giving by repealing a prohibition on the formation of PACs by government contractors.[10] As a result of these actions, campaign contributions remain a powerful vehicle for obtaining access and influence in the United States Congress.

The presidential and congressional campaign-financing systems thus require sharply different types of reform today. Comprehensive legislation must be enacted to remedy the defects in the system for financing congressional campaigns. Limits on overall PAC receipts must be established. A public financing system must be created to provide overall spending limits and adequate alternative funding so that candidates are no longer dependent on special interest group contributions. In contrast, the system of financing presidential campaigns has already been successfully transformed. While significant adjustments are needed in order to deal with new problems that have arisen, such as soft money and independent expenditures, these changes are required to preserve the integrity of an existing system that has accomplished its basic goals.

PRESIDENTIAL PUBLIC FINANCING

Simply stated, the presidential public financing system is an idea that works; it is the crowning achievement of the amendments adopted in 1974 to the Federal Election Campaign Act. Under the system, candidates who agree to abide by limits on overall campaign spending and the expenditure of personal wealth are able to receive federal tax dollars, funds designated to a separate account by individual taxpayers. Public funds are available to match small private contributions raised by candidates during the nominating process; for the general election, major-party candidates are entitled to full campaign funding with public dollars.

In the three elections for which this new system has been in place—1976, 1980, and 1984—presidential public financing has been successful. Thirty-four of the 35 major party candidates since the law was passed have chosen to participate in this voluntary system. Presidential public financing has checked the increase in presidential campaign expenditures. Presidential contenders no longer must "tin-cup it around the country" in search of campaign funds.[11] In contrast to the presidential contest of 1972, candidates are no longer dependent on a relatively few fat-cat contributors; rather, the funding base for campaigns is broad. PAC contributions play a

9. The limits on overall expenditures were struck down by the Supreme Court in the landmark case *Buckley v. Valeo*, 424 U.S. 1 (1976).

10. Act of 14 June 1940, chap. 640, § 5 (a), 54 Stat. 772 (repealed 1976).

11. "Fat Cat as Endangered Species," *Washington Post*, 26 June 1980.

minor role in presidential campaigns. PACs gave less than $1.5 million to 1984 presidential candidates, or less than 2 percent of the total funds raised. As the *New York Times* has observed, "Public financing confers on Presidential candidates the freedom not to grovel."[12]

Public financing also confers an added freedom to govern without the strings attached by large donors or public suspicion that such strings exist. The Carter and Reagan presidencies have been relatively free of the hint that government favors have been traded for large campaign contributions. Stories linking the influence of campaign contributions with official actions in the legislative branch are common;[13] for the executive branch, very rare. The Commission on National Elections, headed by Melvin Laird and Robert Strauss, concluded,

> Public financing of presidential elections has clearly proved its worth in opening up the process, reducing undue influence of individuals and groups, and virtually ending corruption in presidential election finance. This major reform of the 1970's should be continued.[14]

CONGRESSIONAL CAMPAIGN FINANCING

While the presidential campaign finance system stands as a model for reform, the congressional campaign system is out of control and in need of fundamental repair.

The last decade of congressional campaign financing has been marked by an exponential increase in the number of PACs formed by corporations, labor unions, trade associations, and other groups. In 1974 there were 608 PACs. Today there are more than 4000.

This explosion in PACs can be traced to congressional action—and inaction—in 1974. Ironically, at the very time when members of Congress were acting to clean up presidential elections, they opened the door for PACs to enter the congressional arena in an unprecedented way. The key to the PAC explosion was a provision attached to the 1974 law by labor and business groups, over the opposition of Common Cause and other reform advocates, that authorized government contractors to establish PACs.[15] In addition, by creating public financing for presidential campaigns, but not for congressional races, the 1974 amendments focused the attention and interest of PACs and other private campaign donors on Congress.

The resulting growth in PACs was no accident, and it certainly was not a reform. The growth of PACs, moreover, is certainly no unintended consequence of the 1974 law—the provision was

12. "Sneak Attack on Campaign Finance," *New York Times*, 3 June 1985.

13. See, for example, Common Cause, *How Money Talks in Congress: A Common Cause Study of the Impact of Money on Congressional Decision-Making* (Washington, DC: Common Cause, 1979); Wertheimer and Huwa, "Campaign Finance Reforms: Past Accomplishments, Future Challenges," pp. 49, 51, 52, 53; Walter Isaacson, "Running with the PACs" *Time*, 25 Oct. 1982, pp. 20-26; Brooks Jackson and Jeffrey Birnbaum, "Dairy Lobby Obtains U.S. Subsidies with Help from Urban Legislators," *Wall Street Journal*, 18 Nov. 1983; Judith Bender, "The PAC Game on Capitol Hill," *Newsday*, 12 Mar. 1984; Brooks Jackson, "PAC Helps Push Pet Electric Bill," *Wall Street Journal*, 29 Mar. 1984; and Jeffrey Sheler and Robert Black, "Is Congress for Sale?" *U.S. News and World Report*, 28 May 1984, pp. 47-50.

14. *Report of the Commission on National Elections, Executive Summary* (Washington, DC: Georgetown University, Center for Strategic and International Studies, 1985), p. 7.

15. 2 U.S.C. § 441c(b) (1976).

included to protect and enhance the role of PACs in financing campaigns, and it has.

This tremendous increase in the number of PACs has not resulted in balanced representation in Washington. As Senator Gary Hart, Democrat of Colorado, has told the Senate:

> It seems the only group without a well-heeled PAC is the average citizen—the voter who has no special interest beyond low taxes, an efficient government, an honorable Congress, and a humane society. Those are the demands we should be heeding—but those are the demands the PACs have drowned out.[16]

In fact, the increasing number of PACs has largely served to increase the ability of single interests to bring pressure to bear on a congressional candidate or a member of Congress. There are more than 100 insurance company PACs, more than 100 PACs sponsored by electric utilities, and more than 300 sponsored by labor unions. Representative David Obey, Democrat of Wisconsin, has observed that frequently in Washington

> an issue affects an entire industry and all of the companies and labor unions in that industry. . . . When that occurs, [and] a large number of groups which have made substantial contributions to members are all lobbying on the same side of an issue, the pressure generated from those aggregate contributions is enormous and warps the process. It is as if they had made a single, extremely large contribution.[17]

The increase in the number of PACs, not surprisingly, has also produced a tremendous increase in PAC contributions to congressional candidates. In 1974, PACs gave $12.5 million to congressional candidates. By the 1984 elections, their contributions had exceeded $100 million, an eightfold increase in ten years.

PAC money also represents a far more important part of the average candidate's campaign funds than it did ten or so years ago. In 1974, 15.7 percent of congressional candidates' campaign money came from PACs; by the 1984 election, that proportion had increased to 30 percent.

Yet these numbers only begin to tell the story. The increased dependence on PAC contributions has been greatest for winners, those individuals who serve in Congress and who cast votes that shape our daily lives. In the Ninety-ninth Congress (1985-86), over 150 House members received 50 percent or more of their campaign funds from PACs, including 20 o the 27 committee chairs and party leaders. House winners in the 1984 election received an average of 41 percent of their campaign dollars from PACs. Of all winning House candidates in the 1974 election, only 28 percent received one-third or more of their campaign funds from PACs. By 1984, that figure had grown to 78 percent.

For senators, PAC contributions are also becoming a more important source of campaign dollars. Senators elected in 1976 received a total of $3.1 million from PACs; Senate winners in the 1984 election raised $20 million from PACs. In the 1984 elections, 23 winning Senate candidates raised more than $500,000 each from PACs.

Some have suggested that the growth in PACs is an important new form of citizen involvement in the political process. Yet PAC participation is often

16. U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(165):16683.

17. Statement of Congressman David R. Obey, Democratic Study Group, 26 July 1979, quoted in Fred Wertheimer, "The PAC Phenomenon in American Politics," *Arizona Law Review*, 22:622-23, n. 114 (1980).

likely to be more of an involvement in the corporate process or the union process or the trade association process than it is in the political process. University of Minnesota professor Frank J. Sorauf has noted:

> To understand political participation through PACs, we need also to note the nature of the participation. Some of it is not even political activity; buying a ticket in a raffle, the proceeds of which go to a PAC, a party, or a candidate, does not qualify as a political act by most standards. Even the contributory act of writing a check or giving cash to a PAC is a somewhat limited form of participation that requires little time or immediate involvement; in a sense it buys political mercenaries who free the contributor from the need to be personally active in the campaign. It is one of the least active forms of political activity, well suited to the very busy or to those who find politics strange, boring, or distasteful.[18]

In fact, the growth of PACs and the increased importance of PAC money have had a negative effect on two different parts of the political process—congressional elections and congressional decision making. First, PAC money tends to make congressional campaigns less competitive because of the overwhelming advantage enjoyed by incumbents in PAC fund-raising. The ratio of PAC contributions to incumbents over challengers in 1984 House races was 4.6 to 1.0; in the Senate, incumbents in 1984 enjoyed a 3.0 to 1.0 advantage in PAC receipts. On the average, 1984 House incumbents raised $100,000 more from PACs than did challengers. This $100,000 advantage was true even in the most highly competitive House races, those in which the incumbent received 55 percent or less of the vote. In these races, incumbents received an average of over $230,000 from PACs; their challengers received less than $110,000. The advantage enjoyed by incumbents is true for all kinds of PAC giving—for contributions by labor groups, corporate PACs, and trade and membership PACs.

Second, there is a growing awareness that PAC money makes a difference in the legislative process, a difference that is inimical to our democracy. PAC dollars are given by special interest groups to gain special access and special influence in Washington. Most often, PAC contributions are made with a legislative purpose in mind. The late Justin Dart, former chairman of Dart Industries, once noted that dialogue with politicians "is a fine thing, but with a little money they hear you better."[19] Senator Charles Mathias, Republican of Maryland, has stated:

> An official may not change his or her vote solely to accommodate the views of such contributors, but often officials, including myself, will agree to meet with an individual who made a large contribution so the official can hear the contributor's concerns and make the contributor aware these concerns have been considered. . . . Since an elected official has only so much time available, the inevitable result of such special treatment for the large contributor is that other citizens are denied the opportunity they otherwise would have to confer with the elected official.[20]

Common Cause and others have produced a number of studies that show a relationship between PAC contributions

18. Frank Sorauf, "PACs in the American Political System" (Background paper, Twentieth Century Fund Task Force on Political Action Committees, 1984), pp. 82-83.

19. "Companies Organize Employees and Holders into a Political Force," *Wall Street Journal*, 15 Aug. 1978.

20. Brief for Appellees, p. 53, *Buckley* v. *Valeo*, 424 U.S. 1 (1976).

and legislative behavior. The examples run the gamut of legislative decisions, including hospital cost containment, the Clean Air Act, domestic content legislation, dairy price programs, gun control, maritime policies, and regulation by the Federal Trade Commission of professional groups or of used-car sales.[21]

PAC gifts do not guarantee votes or support. PACs do not always win. But PAC contributions do provide donors with critical access and influence; they do affect legislative decisions and are increasingly dominating and paralyzing the legislative process.

In the last few years, something very important and fundamental has happened in this country—and that is the development of a growing awareness and recognition of the fact that the PAC system is a rotten system that must be changed. We know that concern is growing when Irving Shapiro, former chairman and chief executive officer of duPont and the former chairman of the Business Roundtable, describes the current system of financing congressional campaigns as "an invidious thing, it's corrupting, it does pollute the system."[22]

We know that concern is reaching new audiences when *Business Week* editorializes that

> fears are growing that the proliferation of PACs . . . is balkanizing the nation's political process as swarms of candidates and well-heeled special interest groups jostle to trade political favors for money. . . . It would be hard to find a PAC that gives solely to support good government. Most see their contribution as an investment in promoting laws favoring their interests.[23]

And *Chemical Week* warns:

> [A] new force has intruded into our system of representative democracy that, if unchecked, could topple it or seriously hurt it. We refer to the phenomenon of Political Action Committees. . . . The plain truth of the matter, no matter what gloss is put on it, is that PAC money aims at influencing congressional action. The other side of the coin is that new candidates and incumbents alike become beholden to their PAC benefactors. That's the whole point, isn't it?[24]

Criticism of the PAC system is also increasingly heard in the halls of Congress. More and more members from both parties are speaking out about the PAC problem. Consider the following:

> [The present campaign-financing system] virtually forces members of Congress to go around hat in hand, begging for money from Washington-based special interest political action committees, whose sole purpose for existing is to seek a quid pro quo. . . . the scandal is taking place every day and will continue to do so while the present system is in place.[25]

PAC money is destroying the election process. It is breaking down public confidence in

21. See, for example, Common Cause, "How Money Talks in Congress"; Wertheimer and Huwa, "Campaign Finance Reforms: Past Accomplishments, Future Challenges," pp. 49, 51, 52, 53; Isaacson, "Running with the PACs," pp. 20-26, Jackson and Birnbaum, "Dairy Lobby Obtains U.S. Subsidies"; Bender, "PAC Game on Capitol Hill"; Jackson, "PAC Helps Push Pet Electric Bill"; and Sheler and Black, "Is Congress for Sale?"

22. Nina Easton, "Swimming against the Tide," *Common Cause Magazine*, 9(5):13 (Sept.-Oct. 1983).

23. "How to Curb PAC Power but Not Free Speech," *Business Week*, 22 Nov. 1982

24. Patrick P. McCurdy, "Let's Pack in the PACs—All of Them," *Chemical Week*, 15 Aug. 1984, p. 3.

25. Statement of Senator Thomas Eagleton, in U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, 98th Cong., 1st sess., 1983, p. 52.

free elections and it is ruining the character and quality of campaigns.[26]

In addition, the growth in the influence of PAC's further fragments our Nation and its elected legislative bodies. It makes it increasingly difficult to reach a national consensus and hold[s] our decisionmaking process hostage to the special interests which PAC's represent. . . . We cannot expect Members of Congress to act in the national interest when their election campaigns are being financed more and more by special interests.[27]

In addition to the growing role of PAC contributions, the congressional campaign-financing system is also marked by unlimited and skyrocketing spending. In 1974, House and Senate candidates spent $77 million on congressional races. Ten years later, House and Senate candidates spent a record $374 million, almost five times as much.

The cost of winning a seat in Congress is also rising dramatically. In the 1975-76 election cycle, House winners spent $38 million, an average of over $87,000 each. In the 1983-84 election cycle, House winners spent $117 million, an average of $269,956 each. On the Senate side, winners spent $20 million in the 1975-76 cycle, an average of $606,060; in 1984 elections, Senate winners spent $94.8 million, an average of $2.9 million each.

About rising campaign expenditures Senator Goldwater has said,

Unlimited campaign spending eats at the heart of the democratic process. It feeds the growth of special interest groups created solely to channel money into political campaigns. . . . And it causes elected officials to devote more time to raising money than to their public duties.[28]

And Senator Eagleton has said on the Senate floor:

Throughout the last decade, the money factor has exploded exponentially. Most of us have our "tin cups" for alms-begging; our call lists to fat cats; our endless procession of fundraising receptions; our direct mail pleas; and so forth.

The money race never ends. Senators start the process in the early years of their 6-year terms by "building a war chest" for their reelection. House Members start on the Wednesday after the Tuesday elections to amass the funds for the next go-around.[29]

THE CAMPAIGN FINANCE REFORM AGENDA

A number of changes in federal election law are needed if the campaign finance reform effort begun over a decade ago is to be finished. In some cases, unfinished business needs to be completed. The foremost item of old business, of course, is a fundamental restructuring of the congressional campaign-financing system. In addition, new problems that have emerged in the years since Watergate need to be addressed. Adjustments to the presidential public financing system—a system that is fundamentally sound and that has demonstrated its effectiveness—need to be made. A campaign finance reform agenda today should include congressional campaign finance reform, independent expenditures, and soft money, as well as other issues.

26. Remarks of Senator Barry Goldwater, in U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(165):16679.

27. Remarks of Senator David Boren, in ibid., no. 164, p. 16605.

28. U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, p. 403.

29. U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(165):16683.

Congressional campaign finance reform

The major unfinished business on the reform agenda is a thorough overhaul of the congressional campaign finance system. Comprehensive legislation is needed that includes the following essential components: limitations on overall PAC receipts, provision of an alternative campaign fund source, and limits on overall campaign spending and on the expenditure of a candidate's personal funds.

Limitations on overall PAC receipts. While current law restricts the amount that an individual PAC may give to a candidate, there is no restriction on the total amount that a candidate may accept from all PACs. Thus in the last two elections we have seen four Senate candidates who have each accepted more than $1 million in PAC funds. An overall limit on aggregate PAC receipts would help shift the focus of congressional fund-raising away from large PAC contributions and back to small contributions from individual donors.

An amendment establishing an overall limit on PAC receipts was adopted by the House in 1979—the Obey-Railsback bill—but was not considered by the Senate. The introduction in 1985 of a PAC-limit amendment by Senators Boren and Goldwater revived congressional consideration of the concept of an aggregate PAC limit.[30]

Alternative campaign funds. Essential to the presidential public financing system are the federal funds made available to presidential candidates. Congressional campaign finance reform legislation similarly needs to provide alternative sources of campaign funds to candidates. This could be done in the form of public funds to match small contributions from individuals, as is done in the presidential nominating process, or grants to candidates, as is done in the presidential general election, or a 100 percent tax credit for small contributions to candidates,[31] or some combination of these systems. The creation of a broad-based alternative financing system will once again make elective office a realistic ambition for individuals without personal fortunes and for those who are unwilling or unable to raise large sums from PACs.

Overall campaign spending and candidates' personal funds. Limits on overall spending and the use of personal funds are a key feature of the presidential public financing system and are needed for congressional campaigns as well. The Supreme Court in its 1976 *Buckley* decision upheld the constitutionality of such limits as part of a system providing public financing for presidential candidates, but the Court struck down the spending limits enacted for congressional races because they were not tied to any public campaign finance system. It is clear from the *Buckley* decision that limits for congressional races along with limits on the use of personal funds can be constitutionally enacted as part of a public finance campaign system.

In crafting reform legislation, it is important to ensure that spending limits are set at levels high enough to allow

30. S. 1806, printed in ibid., no. 146, p. 14360; debate on S. 1806 is found in ibid., no 164, p. 16603; see also ibid., no. 165, p. 16678.

31 See, for example, H.R. 2490, printed in U S , Congress, House, *Congressional Record*, 98th Cong., 1st sess., 129(45):1992; H.R. 4428, in ibid., no. 159, p. 10056; and U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(143):14065.

challengers to run competitive campaigns. Since any campaign-financing system that includes spending limits must be voluntary under the *Buckley* decision, candidates who felt unable to wage effective congressional campaigns within the spending limits would be free to run their races without public financing. Those who claim that public financing with spending limits favors the reelection of incumbents should not lose sight of the fact that in the first two presidential elections conducted under the presidential public financing system—1976 and 1980—incumbents were defeated, for the first time since 1932. Nor should these critics forget that it is incumbent members of Congress who thus far have failed to rush to enact public financing for congressional races. For the past decade a majority of incumbent members do not appear to have reached the conclusion that public financing and spending limits are an incumbent's advantage.

Enactment of a new campaign-financing system for Congress would free our elected representatives from their dangerous dependence on special interest contributions. A new system is also essential if we are to restore public confidence in the integrity of Congress and its members.

Two additional major changes are needed to protect the integrity of the presidential public financing system and any new system established for congressional campaigns. The changes deal with the issues of independent expenditures and soft money.

Independent expenditures

Under the Court's decision in *Buckley*, contributions made directly to a candidate may constitutionally be limited, but no limits may be imposed on expenditures undertaken independently by a PAC or an individual on behalf of or in opposition to a candidate. Through these so-called independent expenditures, PACs and individuals can evade the intent of limits on direct contributions. They can and do spend substantial sums—far in excess of statutory contribution limits—supporting or attacking candidates.

Independent spenders are unaccountable. They do not have to assume responsibility at election time, nor do they face the political impact of any misrepresentation they may make. A leader in the independent spending movement, Terry Dolan of the National Conservative Political Action Committee, has said, "A group like ours could lie through its teeth and the candidate it helps stays clean."[32]

The persistent use of independent spending in politics alters the political process for the worse.[33] Independent spending can seriously distort the competition between candidates. Candidates are faced with spending not only by their opponents but also by independent groups. Senator Ernest Hollings, Democrat of South Carolina, has noted, "We all have seen how PACs can seriously damage the balance in a campaign through the expenditure of enormous amounts of money. In effect, a candidate budgets to fight one well-financed opponent but then ends up fighting many."[34]

32. Myra MacPherson, "The New Right Brigade," *Washington Post*, 10 Aug. 1980

33. See, for example, David Broder, "Equal Time for Targets," *Washington Post*, 26 Aug. 1981; "Nick-Pack Strikes Home," *New York Times*, 18 Nov. 1981.

34. U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(80):8268.

Within the confines of the Supreme Court's decisions in *Buckley* and later cases, there are steps that can and should be taken to curb the impact of independent expenditures. First, the *Buckley* decision specified that independent expenditure activities are exempt from limitation only if they are not coordinated with candidates or the agents of candidates. Additional legislation and regulations should be developed to clarify the standards to be used in assessing the true independence of an expenditure campaign.[35]

Second, and more important, the federal communication statutes should be amended to provide to federal candidates free and equal time to respond to broadcast advertisements purchased by means of independent expenditures. Under a response-time proposal, radio and television stations would be required to provide free and equal time to candidates for federal office in cases where a broadcaster sells time to any person—aside from federal candidates—to broadcast material that either endorses or opposes a candidate. If the broadcast advertisement opposes a candidate, that candidate would be entitled at no cost to an equal amount of broadcast time. If the broadcast advertisement endorses a candidate, other legally qualified candidates for the same office would be entitled at no cost to an equal amount of broadcast time. The response-time concept builds upon existing responsibilities placed on broadcasters—such as the personal-attack rule—and is a constitutional extension of existing communication standards that have been upheld by the courts.

35. Wertheimer and Huwa, "Campaign Finance Reforms: Past Accomplishments, Future Challenges," p. 64.

Response time would help to protect the integrity of the present system of contribution limits by assuring that a candidate could respond without major expense to an independent expenditure campaign. Response time would enable candidates to refute misrepresentations made by independent spenders. A response-time proposal would not end independent expenditures, but it would restore some measure of accountability to independent spending activities.[36]

The response-time proposal has been included as a major provision of S. 1310, the Clean Campaign Act of 1985, introduced in the Ninety-ninth Congress by Senators John Danforth, Republican of Missouri, Ernest Hollings, Democrat of South Carolina, and Barry Goldwater, Republican of Arizona.[37] This proposal

36. Fred Wertheimer, "Fixing Election Law," *New York Times*, 3 Sept. 1981. See also Ronald Brownstein, "Soft Money," *National Journal*, 7 Dec. 1985, p. 2828; Center for Responsive Politics, *Money and Politics: Soft Money—A Loophole for the '80s* (Washington, DC: Center for Responsive Politics, 1985); Common Cause, "Comments of Common Cause with Respect to Its Petition for Rulemaking Regarding 'Soft Money,' " (Manuscript, Common Cause, 1985); Elizabeth Drew, *Politics and Money: The New Road to Corruption* (New York: Macmillan, 1983); Thomas Edsall, "Loophole Lets Parties Raise Millions from Firms, Unions," *Washington Post*, 17 Apr. 1984; idem, " 'Soft Money' Will Finance Voter Sign Up," ibid., 12 Aug. 1984; Maxwell Glen, "Republicans and Democrats Battling to Raise Big Bucks for Voter Drives," *National Journal*, Sept. 1984, pp. 1618-22; "Soft Money," *Washington Post*, 31 Aug. 1984; "The Soft-Money Loophole," ibid., 1 Nov. 1985; Ed Zuckerman, "Lobbying and Campaign Ethics. The Ethical Implications of 'Soft Money' " (Remarks delivered at George Washington University, Washington, DC, 28 Oct. 1985); idem, "Democrat 'Soft Money' Nets Catch $30 Million," *PACs & Lobbies*, 21 Nov. 1984; idem, " 'Soft Money': A New Life for 'Fat Cats,' " ibid., 16 Jan. 1985; and idem, "More DNC 'Soft Money' Accounts Found," ibid., 6 Feb. 1985.

37. U.S., Congress, Senate, *Congressional*

is also a significant component of the Boren-Goldwater PAC-limitation amendment.[38]

Soft money

In federal elections the amounts that individuals and PACs may contribute are limited; direct contributions from corporations and unions are completely barred; and all contributions in excess of $200 are subject to public-disclosure requirements. In many states, however, parallel regulations do not exist. In the 1980s, so-called soft money has increasingly been funneled to state party organizations. Soft money funds are contributions from sources—corporations or unions—that are not permitted to make any direct contributions in federal elections, and contributions from individuals or groups in amounts above the federal limits.

While soft money is purportedly for use in party-building activities at the state and local levels, there is increasing evidence that these funds are in fact being spent in connection with federal candidates, particularly presidential candidates, in violation of federal law. This is one of the most serious problems in the campaign finance area today. This practice seriously undermines the integrity of the contribution limits and prohibitions contained in the federal law, including the limits on contributions by political parties, the expenditure limits in the presidential public financing system, and disclosure requirements of the federal election law.[39]

In 1984, Common Cause proposed to the Federal Election Commission (FEC) that new regulations be adopted to control the use of the soft-money subterfuge. Under these regulations, national-level political party committees, including party congressional campaign committees, and federal officials would be prohibited from establishing soft-money accounts or from otherwise channeling to state parties for use in federal campaigns contributions that would be illegal under federal law.[40]

A number of additional campaign finance issues have arisen in the 1980s

Record, 99th Cong., 1st sess., 131(80):8267; see also Congress, Senate, Committee on Commerce, Science and Transportation, *Hearings on S. 1310, the Clean Campaign Act of 1985*, 99th Cong., 1st sess., 10 Sept 1985, ibid, 8 Oct. 1985.

38. U.S., Congress, Senate, *Congressional Record*, 99th Cong., 1st sess., 131(146):14361.

39. See, for example, Brownstein, "Soft Money," p 2828; Center for Responsive Politics, *Money and Politics: Soft Money;* Common Cause, "Comments of Common Cause with Respect to Its Petition"; Drew, *Politics and Money*; Edsall, "Loophole Lets Parties Raise"; idem, " 'Soft Money' Will Finance Voter Sign Up"; Glen, "Republicans and Democrats Battling," pp. 1618-22; "Soft Money," *Washington Post;* "Soft Money Loophole"; Zuckerman, "Lobbying and Campaign Ethics"; idem, "Democrat 'Soft Money' "; idem, " 'Soft Money': A New Life"; and idem, "More DNC 'Soft Money' Accounts Found."

40. In a 5 Nov. 1984 letter to Lee Ann Elliott, chair of the FEC, Common Cause urged the commission to take the following steps regarding soft money practices: (1) to initiate on a priority basis its own broad-ranging factual investigation into soft-money practices, with a view toward prosecuting actual past violations; (2) to initiate a rule-making proceeding to establish the broader administrative tools, such as additional disclosure requirements, needed to facilitate the commission's effective enforcement of the current laws; and (3) to undertake a review of the current laws to determine what additional statutory remedies may be required to assure that soft-money abuses are most effectively curtailed. On 4 Feb. 1985 Common Cause submitted to the FEC "Comments of Common Cause with Respect to Its Petition for Rulemaking Regarding 'Soft Money' " and thereby set out its formal proposal for rule making on soft money.

that require legislative action. Congress should address delegate committee spending, candidate and officeholder PACs, presidential candidate foundations, bundling, the grandfather clause, and the FEC.

Delegate committee spending

While presidential candidates who receive federal matching funds do so in return for a commitment to limit their overall and state-by-state spending, individuals who are seeking selection as delegates to a party's nominating convention are presently not subject to these limitations. Expenditures by the committees of these delegates create the capacity to bypass these spending limits, particularly if the expenditures are made at the direction of, with the encouragement of, or in conjunction with a candidate's campaign.[41] Federal election law needs to be amended to apply the limitations on contributions and expenditures to convention delegates.[42]

Candidate and officeholder PACs

A growing number of presidential candidates and members of Congress are establishing their own PACs. These PACs, like others, may make campaign contributions. In many cases, particularly in the case of presidential hopefuls, these PACs are also used to finance a candidate's political travel and related expenses, expenditures that at this point do not count against the spending ceilings of the presidential public financing system. These PACs also allow larger individual and PAC contributions to be made to the candidate or officeholder involved than could be made to his or her candidate campaign committee. They also place officeholders and office seekers in the position of using PAC money to curry favor. Congress should ban the creation of PACs by members of Congress and by prospective candidates for president or vice-president.[43]

Presidential candidate foundations

An increasing number of public figures, particularly prospective presidential candidates, have set up tax-exempt foundations. Unlike campaign committees, these foundations may accept unlimited amounts of money, including contributions from corporations and unions, and they are not required to report the source of their funds. Donations to these foundations, furthermore, are fully tax deductible.

These foundations, established to do research on issues and to undertake other educational activities, in theory are not linked to any individual. In practice, however, they can pay and have paid for travel by presidential hopefuls and have provided information that forms the basis of campaign position papers—activities that appear

41. Similarly, delegate committees enable individuals and PACs to override the contribution limits to a presidential candidate by making multiple contributions to numerous delegate committees, all of which are intended to benefit directly a single presidential candidate's campaign. Such contributions serve to undermine the effectiveness of the existing contribution limits.

42. Thomas Edsall, "Candidates Find It Easy to Give Spending Curbs the Runaround," *Washington Post*, 3 June 1984; Brooks Jackson, "Loopholes Allow Flood of Campaign Giving by Businesses, Fat Cats," *Wall Street Journal*, 5 July 1984.

43. See Maxwell Glen, "Starting a PAC May Be Candidates' First Step Down Long Road to 1988," *National Journal*, 16 Feb. 1985, pp. 374-77.

to help promote the public officials who created them.[44] At a minimum, tax-exempt foundations that are controlled by or maintained for a political candidate should be required to disclose the source and amount of contributions received.[45]

Bundling

Another development on the campaign-financing landscape that Congress must address is bundling, a practice by which a PAC puts together, or bundles, numerous individual checks made out to a particular candidate's campaign and provides them to the candidate. This practice presently is being used by PACs effectively to evade the contribution limits of the federal election laws. By aggregating these individual contributions a single PAC can provide to a candidate amounts far in excess of the current $5000-per-election limitation. A *Wall Street Journal* story, for example, noted that one insurance company PAC was able to funnel contributions of more than $168,000 to one senator's reelection campaign through bundling.[46]

Under current FEC regulations, the bundled contributions are not treated as a contribution by the intermediary PAC unless it actually controls the choice of the recipient. The result is a loophole that is increasingly being exploited by PACs to expand their capacity to exert influence and to undermine the contribution limits.

The bundling loophole should be closed by amending federal election law to provide that bundled contributions would count against the contribution limits of both the individual contributor and the intermediary person or PAC. That is, if a PAC collects or otherwise aggregates contributions that are earmarked or directed to a particular candidate's campaign and assists in transmitting these contributions to that campaign, the contributions will be considered contributions to the candidate by the conduit PAC as well as by the original individual contributor.

Grandfather clause

In 1979 Congress amended federal law to prohibit candidates from converting surplus campaign funds for personal use. Under a grandfather clause included in that amendment, however, any member of Congress who was in office on 8 January 1980 is permitted to keep his or her surplus campaign contributions for personal use after leaving Congress. Members who qualify under this provision may thus take campaign money upon retirement. These surplus campaign funds, in some cases, now range to amounts as high as $600,000. While House and Senate rules prohibit conversion of these funds for personal

44. As David Spear, a spokesman for former Senate majority leader Howard Baker, has noted, "If it's not a violation of the law, it's certainly a violation of the spirit of the law . . candidates ought not to be able to raise campaign funds under the guise of a tax-free foundation." Bryan Abas, "Hart Has a Better Idea," *Westword*, 13-19 Nov. 1985, p. 8.

45. See *Report of the Commission on National Elections, Executive Summary*, p. 8; Paul West, " 'Foundations' Are Promoting Politicians," *Baltimore Sun*, 29 Sept. 1985; and Thomas Edsall, " '88 Candidates' New Tricks Stretch Federal Election Law," *Washington Post*, 20 Oct. 1985.

46. Brooks Jackson, "Insurance Industry Boosts Political Contributions as Congress Takes up Cherished Tax Preferences," *Wall Street Journal*, 10 Oct. 1985. See also idem, "GOP Group Uses Cash Creatively," ibid., 13 Sept. 1984; and Michael Wines, "Bundling: A New U.S. Campaign Custom," *Los Angeles Times*, 3 Oct. 1981.

use while members remain in office, several members who have retired have in fact converted surplus funds for personal use. Other members, still in Congress, seem to regard building up campaign surpluses as a new form of political individual retirement account.[47]

Congress already has recognized the problems inherent in allowing retiring members to convert contributions into personal funds by banning this activity for many members. It should complete the task started in 1979 and remove the grandfather clause, which allows some members to escape the ban.

FEC

While it is important to examine the rules for congressional and presidential campaign financing, a careful assessment must also be made of the FEC, the body responsible for enforcing federal election laws.

The commission has failed the public in several important respects. Most significantly, it is ponderously slow in its enforcement proceedings and is often prone to concentrate on technicalities rather than major issues of rule making. While the FEC's efforts at promoting disclosure of the receipts and expenditures of PACs and candidates have been a major success, lax enforcement by the commission threatens to undermine the effectiveness of the prohibitions, restrictions, and limits of the federal election law.

Both external and internal organizational factors act to undermine the effectiveness of the FEC. Congress created the commission with a partisan split and has never clarified the roles of the staff director and general counsel, the two statutory officers of the commission. Consequently, the FEC has failed to have management and policy direction. Congress also consistently underfunds the agency, making it more difficult for the commission to carry out its various responsibilities.

The performance of the FEC is critical to the effective implementation of federal election laws. Congress needs to consider changes in both the structure and the administration of the commission to ensure the proper implementation of federal election laws.[48]

CONCLUSION

In the spring of 1973, Common Cause chairman John Gardner told the Senate Commerce Committee that "there is nothing in our political system today that creates more mischief, more corruption, and more alienation and distrust on the part of the public than does our system of financing elections."[49] Despite major progress in improving the presidential campaign-financing system,

47. At the end of the 1984 election cycle, for instance, members of the House who could convert surplus funds upon retirement had average cash-on-hand figures of $106,935; their colleagues who were not grandfathered averaged $50,421 See Lee Norrgard, "You Can Take It with You," *Common Cause Magazine*, p. 9 (May-June 1985); Maxwell Glen, "Finishing a Campaign in the Black Becoming More Prevalent in the House," *National Journal*, 22 June 1985, pp. 1467-69; Kevin Chaffee, "Money under the Mattress: What Congressmen Don't Spend," *Washington Monthly*, pp. 32-38 (Sept. 1984).

48. See generally Common Cause, *Stalled from the Start* (Washington, DC: Common Cause, 1981); see also William C. Oldaker, "Of Philosophers, Foxes, and Finances: Can the Federal Election Commission Ever Do an Adequate Job?" this issue of *The Annals* of the American Academy of Political and Social Science.

49. Statement of John Gardner, in U.S., Congress, Senate, Commerce Committee, *Hearings on S. 372*, 93rd Cong., 1st sess. 1973, p. 1.

that observation remains true today with regard to the congressional campaign-financing system. As former Watergate special prosecutor and current Common Cause chairman Archibald Cox has observed, inaction has resulted in "a Congress still more deeply trapped in the stranglehold of special interests which threatens to paralyze the process of democratic government."[50] Congress needs to complete the reforms begun in the wake of Watergate by fundamentally transforming its own campaign-financing system and by making other adjustments needed to preserve the integrity of presidential public financing, campaign reporting requirements, and limitations on contributions by individuals and PACs.

A consensus has been reached in this country that PACs are inimical to our system of representative government.[51] The question now remaining is whether that public consensus can be translated into congressional action.

No solution that may be adopted will be final and perfect. We will always need to reevaluate and adjust any campaign finance system. The presidential public financing system demonstrates the need for periodic adjustments. But more important, the experience of presidential public financing shows us that fundamental improvement in our campaign finance laws is indeed attainable.

We can and must have a better system for financing congressional campaigns. Representative government is at stake.

50. Archibald Cox, Address before the Commonwealth Club of California, San Francisco, CA, 7 Jan. 1981.

51. A May 1984 Harris survey, for example, found that "a 70-20 percent majority of all likely voters across the country feels that candidates for federal office should refuse to accept PAC funds." Louis Harris, "PACs: Good or Bad Influence," *Harris Survey*, 31 May 1984

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Democracy or Plutocracy? The Case for a Constitutional Amendment to Overturn *Buckley* v. *Valeo*

By JONATHAN BINGHAM

ABSTRACT: In the early 1970s the U.S. Congress made a serious effort to stop the abuses of campaign financing by setting limits on contributions and also on campaign spending. In the 1976 case of *Buckley* v. *Valeo*, the Supreme Court upheld the regulation of contributions, but invalidated the regulation of campaign spending as a violation of the First Amendment. Since then, lavish campaigns, with their attendant evils, have become an ever more serious problem. Multimillion-dollar campaigns for the Senate, and even for the House of Representatives, have become commonplace. Various statutory solutions to the problem have been proposed, but these will not be adequate unless the Congress—and the states—are permitted to stop the escalation by setting limits. What is needed is a constitutional amendment to reverse the *Buckley* holding, as proposed by several members of Congress. This would not mean a weakening of the Bill of Rights, since the *Buckley* ruling was a distortion of the First Amendment. Within reasonable financial limits there is ample opportunity for that "uninhibited, robust and wide-open" debate of the issues that the Supreme Court correctly wants to protect.

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THE First Amendment is not a vehicle for turning this country into a plutocracy," says Joseph L. Rauh, the distinguished civil rights lawyer, deploring the ruling in *Buckley* v. *Valeo.*[1] It is the thesis of this article that the Supreme Court in *Buckley* was wrong in nullifying certain congressional efforts to limit campaign spending and that the decision must not be allowed to stand. While statutory remedies may mitigate the evil of excessive money in politics and are worth pursuing, they will not stop the feverish escalation of campaign spending. They will also have no effect whatever on the spreading phenomenon of very wealthy people's spending millions of dollars of their own money to get elected to Congress and to state office.

When the Supreme Court held a national income tax unconstitutional, the Sixteenth Amendment reversed that decision. *Buckley* should be treated the same way.

BACKGROUND

The Federal Election Campaign Act of 1971 was the first comprehensive effort by the U.S. Congress to regulate the financing of federal election campaigns. In 1974, following the scandals of the Watergate era, the Congress greatly strengthened the 1971 act. As amended, the new law combined far-reaching requirements for disclosure with restrictions on the amount of contributions, expenditures from a candidate's personal funds, total campaign expenditures, and independent expenditures on behalf of identified candidates.

The report of the House Administration Committee recommending the 1974 legislation to the House explained the underlying philosophy:

> The unchecked rise in campaign expenditures, coupled with the absence of limitations on contributions and expenditures, has increased the dependence of candidates on special interest groups and large contributors. Under the present law the impression persists that a candidate can buy an election by simply spending large sums in a campaign. . . .
>
> Such a system is not only unfair to candidates in general, but even more so to the electorate. The electorate is entitled to base its judgment on a straightforward presentation of a candidate's qualifications for public office and his programs for the Nation rather than on a sophisticated advertising program which is encouraged by the infusion of vast amounts of money.
>
> The Committee on House Administration is of the opinion that there is a definite need for effective and comprehensive legislation in this area to restore and strengthen public confidence in the integrity of the political process.[2]

The 1974 act included a provision, added pursuant to an amendment offered by then Senator James Buckley, for expedited review of the law's constitutionality. In January 1976 the Supreme Court invalidated those portions that imposed limits on campaign spending as violative of the First Amendment's guarantee of free speech.

In his powerful dissent, Justice White said, "Without limits on total expenditures, campaign costs will inevitably and

1. Personal communication with Joseph L. Rauh, Mar. 1985; *Buckley* v. *Valeo*, 424 U.S 1 (1976).

2. U.S., Congress, House, Committee on House Administration, *Federal Election Campaign Act, Amendments of 1974: Report to Accompany H. R. 16090*, 93rd Cong., 2d sess., 1974, H. Rept. 93-1239, pp. 3-4.

endlessly escalate."[3] His prediction was promptly borne out. Multimillion-dollar campaigns for the Senate have become the rule, with the 1984 Helms-Hunt race in North Carolina setting astonishing new records. It is no longer unusual for expenditures in contested House campaigns to go over the million-dollar mark; in 1982 one House candidate reportedly spent over $2 million of his own funds.

In 1982 a number of representatives came to the conclusion that the *Buckley* ruling should not be allowed to stand and that a constitutional amendment was imperative. In June Congressman Henry Reuss of Wisconsin introduced a resolution calling for an amendment to give Congress the authority to regulate campaign spending in federal elections. In December, with the cosponsorship of Mr. Reuss and 11 others,[4] I introduced a broader resolution authorizing the states, as well as the Congress, to impose limits on campaign spending. The text of the proposed amendment was:

Section 1. The Congress may enact laws regulating the amounts of contributions and expenditures intended to affect elections to federal office.

Section 2. The several states may enact laws regulating the amounts of contributions and expenditures intended to affect elections to state and local offices.[5]

In the Ninety-eighth Congress, the same resolution was reintroduced by Mr. Vento and Mr. Donnelly and by Mr. Brown, Democrat of California, and Mr. Rinaldo, Republican of New Jersey. A similar resolution was introduced in the Senate by Senator Stevens, Republican of Alaska. As of the present writing, the resolution has been reintroduced in the Ninety-ninth Congress by Mr. Vento.[6]

No hearings have been held on these proposals, and they have attracted little attention. Even organizations and commentators deeply concerned with the problem of money in politics and runaway campaign spending have focused exclusively on statutory remedies. Common Cause, in spite of my pleading, has declined to add a proposal for a constitutional amendment to its agenda for campaign reform or even to hear arguments in support of the proposal. A constituency for the idea has yet to be developed.

THE NATURE OF THE PROBLEM

This article proceeds on the assumption that escalating campaign costs pose a serious threat to the quality of government in this country. There are those who argue the contrary, but their view of the nature of the problem is narrow. They focus on the facts that the amounts of money involved are not large relative to the gross national product and that the number of votes on Capitol Hill that can be shown to have been affected by campaign contributions is not overwhelming.

3. 424 U.S., p. 264.

4. The other representatives were Mrs. Fenwick, Republican of New Jersey; Ms. Mikulski, Democrat of Maryland; and Messrs. Bevill, Democrat of Alabama; Donnelly, Democrat of Massachusetts; D'Amours, Democrat of New Hampshire; Edgar, Democrat of Pennsylvania; LaFalce, Democrat of New York; and Wolpe, Democrat of Michigan.

5. U.S., Congress, House, *Proposing an Amendment to the Constitution of the United States Relative to Contributions and Expenditures Intended to Affect Congressional, Presidential and State Elections*, 97th Cong., 2d sess., 1982, H. J. Res. 628, p. 2.

6. Ibid., 99th Cong., 1st sess., 1985, H. J. Res. 88.

The curse of money in politics, however, is by no means limited to the influencing of votes. There are at least two other problems that are, if anything, even more serious. One is the eroding of the present nonsystem on the public's confidence in our form of democracy. If public office and votes on issues are perceived to be for sale, the harm is done, whether or not the facts justify that conclusion. In *Buckley* the Supreme Court itself, in sustaining the limitations on the size of political contributions, stressed the importance of avoiding "the appearance of improper influence" as " 'critical . . . if confidence in the system of representative government is not to be eroded to a disastrous extent.' "[7] What the Supreme Court failed to recognize was that "'confidence in the system of representative government' " could likewise be " 'eroded to a disastrous extent' " by the spectacle of lavish spending, whether the source of the funds is the candidate's own wealth or the result of high-pressure fund-raising from contributors with an ax to grind.

The other problem is that excellent people are discouraged from running for office, or, once in, are unwilling to continue wrestling with the unpleasant and degrading task of raising huge sums of money year after year. There is no doubt that every two years valuable members of Congress decide to retire because they are fed up with having constantly to beg. For example, former Congressmen Charles Vanik of Ohio and Richard Ottinger of New York, both outstanding legislators, were clearly influenced by such considerations when they decided to retire, Vanik in 1980 and Ottinger in 1984. Vanik said, among other things, "I feel every contribution carries some sort of lien which is an encumbrance on the legislative process . . . I'm terribly upset by the huge amounts that candidates have to raise."[8] Probably an even greater number of men and women who would make stellar legislators are discouraged from competing because they cannot face the prospect of constant fund-raising or because they see a wealthy person, who can pay for a lavish campaign, already in the race.

In "Politics and Money," Elizabeth Drew has well described the poisonous effect of escalating campaign costs on our political system:

> Until the problem of money is dealt with, it is unrealistic to expect the political process to improve in any other respect. It is not relevant whether every candidate who spends more than his opponent wins—though in races that are otherwise close, this tends to be the case. What matters is what the chasing of money does to the candidates, and to the victors' subsequent behavior. The candidates' desperation for money and the interests' desire to affect public policy provide a mutual opportunity. The issue is not how much is spent on elections but the way the money is obtained. The point is what *raising* money, not simply spending it, does to the political process. It is not just that the legislative product is bent or stymied. It is not just that well-armed interests have a head start over the rest of the citizenry—or that often it is not even a contest. . . . It is not even relevant which interest happens to be winning. What is relevant is what the whole thing is doing to the democratic process. What is at stake is the idea of representative government, the soul of this country.[9]

7. 424 U.S., p. 27, quoting *CSC* v. *Letter Carriers*, 413 U.S. 548, 565 (1973); see also 424 U.S., p. 30.

8. Quoted by Congressman Henry Reuss, in U.S., Congress, House, *Congressional Record*, daily ed., 97th Cong., 2d sess., 1982, 128(81):H3900.

9. *New Yorker*, 6 Dec. 1982, pp. 55-56.

Focusing on the different phenomenon of wealthy candidates' being able to finance their own, often successful, campaigns, the late columnist Joseph Kraft commented that "affinity between personal riches and public office challenges a fundamental principle of American life."[10]

SHORTCOMINGS OF STATUTORY PROPOSALS

In spite of the wide agreement on the seriousness of the problems, there is no agreement on the solution. Many different proposals have been made by legislators, academicians, commentators, and public interest organizations, notably Common Cause.

One of the most frequently discussed is to follow for congressional elections the pattern adopted for presidential campaigns: a system of public funding, coupled with limits on spending.[11] Starting in 1955, bills along these lines have been introduced on Capitol Hill, but none has been adopted. Understandably, such proposals are not popular with incumbents, most of whom believe that challengers would gain more from public financing than they would.

Even assuming that the political obstacles could be overcome and that some sort of public financing for congressional candidates might be adopted, this financing would suffer from serious weaknesses. No system of public financing could solve the problem of the very wealthy candidate. Since such candidates do not need public funding, they would not subject themselves to the spending limits. The same difficulty would arise when aggressive candidates, believing they could raise more from private sources, rejected the government funds. This result is to be expected if the level of public funding is set too low, that is, at a level that the constant escalation of campaign costs is in the process of outrunning. According to Congressman Bruce Vento, an author of the proposed constitutional amendment to overturn *Buckley*, this has tended to happen in Minnesota, where very low levels of public funding are provided to candidates for state office.

To ameliorate these difficulties, some proponents of public financing suggest that the spending limits that a candidate who takes government funding must accept should be waived for that candidate to the extent an opponent reports expenses in excess of those limits. Unfortunately, in such a case one of the main purposes of public funding would be frustrated and the escalation of campaign spending would continue. The candidate who is not wealthy is left with the fearsome task of quickly having to raise additional hundreds of thousands, or even millions, of dollars.

Another suggested approach would be to require television stations, as a condition of their licenses, to provide free air time to congressional candidates in segments of not less than, for instance, five minutes. A candidate's acceptance of such time would commit the candidate to the acceptance of spending limits. While such a scheme would be impractical for primary contests—which in many areas are the crucial ones—the idea is attractive for

10. *Washington Post*, 2 Nov. 1982.

11. In the *Buckley* case the Supreme Court simply assumed that limits on spending were not a violation of free speech when acceptance of such limits was made the condition for receiving public funds. 424 U.S., pp. 85-110. See also Charles McC Mathias, Jr., "Should There Be Public Financing of Congressional Campaigns?" this issue of *The Annals* of the American Academy of Political and Social Science.

general election campaigns in mixed urban-rural states and districts. It would be unworkable, however, in the big metropolitan areas, where the main stations reach into scores of congressional districts and, in some cases, into several states. Not only would broadcasters resist the idea, but the television-viewing public would be furious at being virtually compelled during pre-election weeks to watch a series of talking-head shows featuring all the area's campaigning senators and representatives and their challengers. The offer of such unpopular television time would hardly tempt serious candidates to accept limits on their spending.

Proponents of free television time, recognizing the limited usefulness of the idea in metropolitan areas, have suggested that candidates could be provided with free mailings instead. While mailings can be pinpointed and are an essential part of urban campaigning, they account for only a fraction of campaign costs, even where television is not widely used; accordingly, the prospect of free mailings would not be likely to win the acceptance of unwelcome campaign limits on total expenses.[12]

Yet another method of persuading candidates to accept spending limits would be to allow 100 percent tax credits for contributions of up to, say, $100 made to authorized campaigns, that is, those campaigns where the candidate has agreed to abide by certain regulations, including limits on total spending.[13] It is difficult to predict how effective such a system would be, and a pilot project to find out would not be feasible, since the tax laws cannot be changed for just one area. For candidates who raise most of their funds from contributors in the $50-to-$100 range, the incentive to accept spending limits would be strong, but for those—and they are many—who rely principally on contributors in the $500-to-$1000 range, the incentive would be much weaker. This problem could be partially solved by allowing tax credits for contributions of up to $100 and tax deductions for contributions in excess of $100 up to the permitted limit. Such proposals, of course, amount to a form of public financing and hence would encounter formidable political obstacles, especially at a time when budgetary restraint and tax simplification are considered of top priority.

Some of the most vocal critics of the present anarchy in campaign financing focus their wrath and legislative efforts on the political action committees (PACs) spawned in great numbers under the Federal Election Campaign Act of 1974. Although many PACs are truly serving the public interest, others have made it easier for special interests, especially professional and trade associations, to funnel funds into the campaign treasuries of legislators or challengers who will predictably vote for those interests. Restrictions, such as limiting the total amount legislative candidates could accept from PACs, would be salutary[14] but no legislation aimed primarily at the PAC phenomenon—not even legislation to eliminate PACs altogether—would

12. A variation of the idea of free television and/or mail, proposed by Common Cause and others, would provide for such privileges as a means of answering attacks made on candidates by allegedly independent organizations or individuals. See Fred Wertheimer, "Campaign Finance Reform: The Unfinished Agenda," this issue of *The Annals* of the American Academy of Political and Social Science.

13. See ibid.

14. The Obey-Railsback Act, which contained such restrictions, actually passed the House in 1979, but got no further. See ibid.

solve the problem so well summarized by Elizabeth Drew. The special interests and favor-seeking individual givers would find other ways of funneling their dollars into politically useful channels, and the harassed members of Congress would have to continue to demean themselves by constant begging.

PAC regulation and all the other forms of statutory regulation suffer from one fundamental weakness: none of them would affect the multimillion-dollar self-financed campaign. Yet it is this type of campaign that does more than any other to confirm the widely held view that high office in the United States can be bought.

Short of a constitutional amendment, there is only one kind of proposal, so far as I know, that would curb the super-rich candidate, as well as setting limits for others. Lloyd N. Cutler, counsel to the president in the Carter White House, has suggested that the political parties undertake the task of campaign finance regulation.[15] Theoretically, the parties could withhold endorsement from candidates who refuse to abide by the party-prescribed limits and other regulations. But the chances of this happening seem just about nil. Conceivably a national party convention might establish such regulations for its presidential primaries, but to date most contenders have accepted the limits imposed under the matching system of public funding; John Connally of Texas was the exception in 1980. For congressional races, however, it is not at all clear what body or bodies could make such rules and enforce them. Claimants to such authority would include the national conventions, national committees, congressional party caucuses, various state committees, and, in some cases, county committees. Perhaps our national parties should be more hierarchically structured, but the fact is that they are not.

On top of all this, the system would work for general election campaigns only if both major parties took parallel action. If by some miracle they did so, the end result might be to encourage third-party and independent candidacies.

Let me make clear that I am not opposed to any of the proposals briefly summarized earlier. To the extent I had the opportunity to vote for any of the statutory proposals during my years in the House, I did so. Nor am I arguing that a constitutional amendment by itself would solve the problem; it would only be the beginning of a very difficult task. What I am saying is that, short of effective action by the parties, any system to reverse the present lethal trends in campaign financing must have as a basic element the restoration to the Congress of the authority to regulate the process.

THE MERITS OF THE *BUCKLEY* RULING

The justices of the Supreme Court were all over the lot in the *Buckley* case, with numerous dissents from the majority opinion. The most significant dissent, in my view, was entered by Justice White, who, alone among the justices, had had extensive experience in federal campaigns. White's position was that the Congress, and not the Court, was the proper body to decide whether the slight interference with First Amendment freedoms in the Federal Election Campaign Act was warranted. Justice White reasoned as follows:

15. See Lloyd N. Cutler, "Can the Parties Regulate Campaign Financing?" this issue of *The Annals* of the American Academy of Political and Social Science.

1e judgment of Congress was that reason-
ıly effective campaigns could be conducted
thin the limits established by the Act. . . .
this posture of the case, there is no sound
ısis for invalidating the expenditure limita-
ɔns, so long as the purposes they serve are
gitimate and sufficiently substantial, which
my view they are. . . .

. expenditure ceilings reinforce the con-
ibution limits and help eradicate the
ızard of corruption. . . .

ɛsides backing up the contribution provi-
ɔns, . . . expenditure limits have their own
ıtential for preventing the corruption of
deral elections themselves.[16]

ıstice White further concluded that

niting the total that can be spent will ease
e candidate's understandable obsession
th fundraising, and so free him and his
ıff to communicate in more places and
ıys unconnected with the fundraising
nction.

is also important to restore and maintain
ıblic confidence in federal elections. It is
ıtical to obviate and dispel the impression
at federal elections are purely and simply a
nction of money, that federal offices are
ıught and sold or that political races are
served for those who have the facility—
d the stomach—for doing whatever it
kes to bring together those interests,
oups, and individuals that can raise or
ntribute large fortunes in order to prevail
the polls.[17]

Two of the judges of the District of
ɔlumbia Circuit Court, which upheld
e 1974 act—judges widely respected,
pecially for their human rights con-
rns—later wrote law journal articles
iticizing in stinging terms the Supreme
ɔurt's holding that the spending limits
ɛre invalid. For example, the late
dge Harold Leventhal said in the
ɔlumbia Law Review:

16. 424 U.S., pp. 263-64.
17. Ibid., p. 265.

The central question is: what is the interest underlying regulation of campaign expenses and is it substantial? The critical interest, in my view, is the same as that accepted by the [Supreme] Court in upholding limits on contributions. It is the need to maintain confidence in self-government, and to prevent the erosion of democracy which comes from a popular view of government as responsive only or mainly to special interests.[18]

A court that is concerned with public alienation and distrust of the political process cannot fairly deny to the people the power to tell the legislators to implement this one-word principle: Enough![19]

Here are excerpts from what Judge J. Skelly Wright had to say in the *Yale Law Journal*:

The Court told us, in effect, that money is speech.

. . [This view] accepts without question elaborate mass media campaigns that have made political communication expensive, but at the same time remote, disembodied, occasionally . . . manipulative. Nothing in the First Amendment . . . commits us to the dogma that money is speech.[20]

. . . far from stifling First Amendment values, [the 1974 act] actually promotes them. . . In place of unlimited spending, the law encourages all to emphasize less expensive face-to-face communications efforts, exactly the kind of activities that promote real dialogue on the merits and leave much less room for manipulation and avoidance of the issues.[21]

The Supreme Court was apparently blind to these considerations. Its treatment was almost entirely doctrinaire. In

18. Leventhal, "Courts and Political Thickets," *Columbia Law Review*, 77:362 (1977).
19. Ibid., p. 368.
20. Wright, "Politics and the Constitution: Is Money Speech?" *Yale Law Journal*, 85:1005 (1979).
21. Ibid., p. 1019.

holding unconstitutional the limits set by Congress on total expenditures for congressional campaigns and on spending by individual candidates, the Court did not claim that the dollar limits set were unreasonably low. In the view taken by the Court, such limits were beyond the power of the Congress to set, no matter how high.

Only in the case of the $1000 limit set for spending by independent individuals or groups "relative to a clearly identified candidate" did the Court focus on the level set in the law. The Court said that such a limit "would appear to exclude all citizens and groups except candidates, political parties and the institutional press from any significant use of the most effective modes of communication."[22] In a footnote, the Court noted:

> The record indicates that, as of January 1, 1975, one full-page advertisement in a daily edition of a certain metropolitan newspaper cost $6,971.04—almost seven times the annual limit on expenditures "relative to" a particular candidate imposed on the vast majority of individual citizens and associations.[23]

The Court devoted far more space to arguing the unconstitutionality of this provision than to any of the other limits, presumably because on this point it had the strongest case. Judge Leventhal, too, thought the $1000 figure for independent spending was unduly restrictive and might properly have been struck down. As one who supported the 1974 Act while in the House, I believe, with the benefit of hindsight, that the imposition of this low limit on independent expenditures was a grave mistake.

Let us look for a moment at the question of whether reasonable limits on total spending in campaigns and on spending by wealthy candidates really do interfere with the "unfettered interchange of ideas," "the free discussion of governmental affairs," and the "uninhibited, robust and wide-open" debate on public issues that the Supreme Court has rightly said the First Amendment is designed to protect.[24] In *Buckley* the Supreme Court has answered that question in the affirmative when the limits are imposed by law under Congress's conceded power to regulate federal elections. The Court answered the same question negatively, however, when the limits were imposed as a condition of public financing. In narrow legalistic terms the distinction is perhaps justified, but, in terms of what is desirable or undesirable under our form of government, I submit that the setting of such limits is either desirable or it is not.

Various of the solutions proposed to deal with the campaign-financing problem, statutory and nonstatutory, raise the same question—for example, the proposal to allow tax credits only for contributions to candidates who have accepted spending limits, and the proposal that political parties should impose limits. All such proposals assume that it is good public policy to have such limits in place. They simply seek to avoid the inhibition of the *Buckley* case by arranging for some carrot-type motivation for the observance of limits, instead of the stick-type motivation of compliance with a law.

I am not, of course, suggesting that those who make these proposals are wrong to do so. What I am suggesting is that they should support the idea of

22. 424 U.S., pp. 20-21.
23. Ibid., p. 21.

24. *Roth* v. *United States*, 354 U.S. 476, 484 (1957); *Mills* v. *Alabama*, 384 U.S. 214, 218 (1966); *New York Times* v. *Sullivan*, 376 U.S. 254, 270 (1964).

undoing the damage done by *Buckley* by way of a constitutional amendment.

Summing up the reason for such an amendment, Congressman Henry Reuss said, "Freedom of speech is a precious thing. But protecting it does not permit someone to shout 'fire' in a crowded theater. Equally, freedom of speech must not be stressed so as to compel democracy to commit suicide by allowing money to govern elections."[25]

INDEPENDENT EXPENDITURES IN PRESIDENTIAL CAMPAIGNS

Until now the system of public financing for presidential campaigns, coupled with limits on private financing, has worked reasonably well. Accordingly, most of the proposals mentioned previously for the amelioration of the campaign-financing problem have been concerned with campaigns for the Senate and the House.

In 1980 and 1984, however, a veritable explosion occurred in the spending for the presidential candidates by allegedly independent committees—spending that is said not to be authorized by, or coordinated with, the campaign committees. In both years, the Republican candidates benefited far more from this type of spending than the Democratic: in 1980, the respective amounts were $12.2 million and $45,000; in 1984, $15.3 million and $621,000.[26]

This spending violated section 9012(f) of the Presidential Campaign Fund Act, which prohibited independent committees from spending more than $1000 to further a presidential candidate's election if that candidate had elected to take public financing under the terms of the act. In 1983 various Democratic Party entities and the Federal Election Commission, with Common Cause as a supporting amicus curiae, sued to have section 9012(f) declared constitutional, so as to lay the groundwork for enforcement of the act. These efforts failed. Applying the *Buckley* precedent, the three-judge district court that first heard the case denied the relief sought, and this ruling was affirmed in a 7-to-2 decision by the Supreme Court in *FEC* v. *NCPAC* in March 1985.[27]

The *NCPAC* decision clearly strengthens the case for a constitutional amendment to permit Congress to regulate campaign spending. For none of the statutory or party-action remedies summarized earlier would touch this new eruption of the money-in-politics volcano.

True, even with a constitutional amendment in place, it would still be possible for the National Conservative Political Action Committee or other committees to spend unlimited amounts for media programs on one side of an issue or another, and these would undoubtedly have some impact on presidential—and other—campaigns. However, the straight-out campaigning for an individual or a ticket, which tends to be far more effective than focusing on issues alone, could be brought within reasonable limits.

LOOKING AHEAD

The obstacles in the way of achieving a reversal of Buckley by constitutional amendment are, of course, formidable. This is especially true today when the House Judiciary Committee is resolutely

25. U.S., Congress, House, *Congressional* [illegible] 97th Cong., 2d sess., daily ed., 128(81):

FEC v. *NCPAC*, 105 S.Ct. 1459 (1985).

sitting on other amendments affecting the Bill of Rights and is not disposed to report out any such amendments.

In addition to the practical political hurdles to be overcome, there are drafting problems to solve. The simple form so far proposed[28]—and quoted previously—needs refinement.

For example, if an amendment were adopted simply giving to the Congress and the states the authority to "enact laws regulating the amount of contributions and expenditures intended to affect elections,"[29] the First Amendment question would not necessarily be answered. The argument could still be made, and not without reason, that such regulatory laws, like other powers of the Congress and the states, must not offend the First Amendment. I asked an expert in constitutional law how this problem might be dealt with, and he said the only sure way would be to add the words 'notwithstanding the First Amendment." But such an addition is not a viable solution. The political obstacles in the way of an amendment overturning *Buckley* in its interpretation of the First Amendment with respect to campaign spending are grievous enough; to ask the Congress —and the state legislatures—to create a major exception to the First Amendment would assure defeat.

The answer has to be to find a form of wording that says, in effect, that the First Amendment can properly be interpreted so as to permit reasonable regulation of campaign spending. In my view, it would be sufficient to insert in the proposed amendment,[30] after "The Congress," the words "having due regard for the need to facilitate full and free discussion and debate." Section 1 of the amendment would then read, "The Congress, having due regard for the need to facilitate full and free discussion and debate, may enact laws regulating the amounts of contributions and expenditures intended to affect elections to federal office." Other ways of dealing with this problem could no doubt be devised.

Another drafting difficulty arises from the modification in the proposed amendment of the words "contributions and expenditures" by "intended to affect elections." This language is appropriate with respect to money raised or spent by candidates and their committees, but it does present a problem in its application to money raised and spent by allegedly independent committees, groups, or individuals. It could hardly be argued that communications referring solely to issues, with no mention of candidates, could, consistent with the First Amendment, be made subject to spending limits, even if they were quite obviously "intended to affect" an election. Accordingly, a proper amendment should include language limiting the regulation of "independent" expenditures to those relative to "clearly identified" candidates, language that would parallel the provisions of the 1971 Federal Election Campaign Act, as amended.[31]

These are essentially technical problems that could be solved with the assistance of experts in constitutional law if the Judiciary Committee of either house should decide to hold hearings on the idea of a constitutional amendment and proceed to draft and report out an appropriate resolution.

Many of those in and out of Congress who are genuinely concerned with politi-

28. U.S., Congress, House, *Contributions and Expenditures*, H.J. Res. 628.
29. Ibid.
30. Ibid.

31. 2 U S.C.A. § 431(17).

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29. Ibid.

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31. 2 U.S.C.A. § 431(17).

cal money brush aside the notion of a constitutional amendment and focus entirely on remedies that seem less drastic. They appear to assume that Congress is more likely to adopt a statutory remedy, such as public financing, than to go for an enabling constitutional amendment that could be tagged as tampering with the Bill of Rights. I disagree with that assumption.

Incumbents generally resist proposals such as public financing because challengers might be the major beneficiaries, but most incumbents tend to favor the idea of spending limits. The Congress is not by its nature averse to being given greater authority; that would be especially true in this case, where until 1976 the Congress always thought it had such authority. I venture to say that if a carefully drawn constitutional amendment were reported out of one of the Judiciary Committees, it might secure the necessary two-thirds majorities in both houses with surprising ease.

The various state legislatures migh well react in similar fashion. A powe they thought they had would be restore to them.

The big difficulty is to get the proces started, whether it be for a constitutional amendment or a statutory remed or both. Here, the villain, I am afraid, i public apathy. Unfortunately, the voter seem to take excessive campaign spending as a given—a phenomenon they ca do nothing about—and there is no substantial constituency for reform. Th House Administration Committee, whic in the early 1970s was the spark plug fo legislation, has recently shown littl interest in pressing for any of the legislative proposals that have been pu forward.

The 1974 act itself emerged as a reaction to the scandals of the Watergate era, and it may well be that majo action, whether statutory or constitutional, will not be a practical possibilit until a new set of scandals bursts into th open. Meanwhile, the situation will onl get worse.

ANNALS, *AAPSS*, 486, July 1986

Can the Parties Regulate Campaign Financing?

By LLOYD N. CUTLER

ABSTRACT: Most campaign finance reform proposals focus on legislative or regulatory cures. Serious thought should be given instead to encouraging the parties to assume control of their candidates' campaign finance practices. Based on the logic of court decisions giving the parties the right to promulgate criteria for voting in their primaries, the parties would appear also to have legal power to impose campaign finance rules, including expenditures ceilings, on candidates who seek to run under the party's banner. A model set of party campaign finance rules is sketched in the article.

Lloyd N. Cutler practices law in Washington. He was counsel for the League of Women Voters in Buckley *v.* Valeo, *supporting the constitutionality of the statute. He served as counsel to the president in 1979-80. He is a cochairman of the Committee on the Constitutional System, which is preparing a bicentenary analysis of the structure of the American political system and recommendations for improvement. He holds A.B., LL.B. and honorary Ll.D degrees from Yale University. He is a member of the Council of the American Law Institute and a trustee of the Brookings Institution.*

THOSE who favor the regulation of campaign finance propose a variety of governmental cures for the ills they perceive. Some suggest useful legislative or regulatory changes, as Senator Mathias, Congressman Bolling, and Messrs. Barone, Berman, Oldaker, and Wertheimer thoughtfully do in this volume. Others, like Congressman Jonathan Bingham, suggest the additional and more radical step of a constitutional amendment to expand the congressional power to regulate.

Few people, however, have given serious thought to the possibility that the parties themselves, rather than the government, can and should do more to control the campaign-financing practices of their candidates. This article sketches out the legal bases for party control of campaign finance and a set of model rules that would accomplish the job.

In both parties, there are constituencies that favor campaign reforms that would curtail excessive spending and blunt the pressures of interest groups. Within the Democratic Party at least, there appears to be a strong consensus against the excessive cost of campaigning for federal office and against the pressures that single-interest groups can exert because candidates need and seek their contributions. The national Democratic Party platform has regularly endorsed stronger laws and regulations to control campaign financing.[1] In 1984 the candidates for the Democratic presidential nomination vied with one another in proclaiming greater disdain than their rivals for the tainted money of special interest political action committees.

A similar consensus does not appear on the Republican side, but Republican leaders are increasingly speaking out against campaign financing abuses. For example, Senate majority leader Dole has complained that "when these political action committees give money they expect something in return other than good government. It is making it much more difficult to legislate."[2] Senator Goldwater has observed that "unlimited campaign spending eats at the heart of the democratic process."[3] Senator Mathias has long been an advocate of campaign finance reform. Three Republican senators cosponsored the so-called Boren bill in the last session of Congress.

Notwithstanding this sentiment in both parties, it does not seem to have occurred to party officials or candidates that the party itself can control the campaign-financing methods of its candidates. In the general election campaign, of course, such controls could not be exercised by one party alone, because unilateral regulation would give the uncontrolled candidates of rival parties an unfair financial advantage. Rival parties could only afford to control the

1. "Recent reforms in the election process have aided immeasurably in opening the process to more people and have begun to reduce the influence of special interests. The limitations on campaign contributions and the public financing of presidential elections are two reforms which have worked very well. Business political action committees continue to spend excessively, however. Further reform in this area is essential." "The 1980 Democratic National Platform" (Democratic National Committee, 1980), p. 14. "We must work to end political action committee funding of federal political campaigns. To achieve that, we must enact a system of public financing of federal campaigns." "The 1984 Democratic National Platform" (Democratic National Committee, 1984), p. 41.

2. Albert Hunt, "Cash Politics," *Wall Street Journal*, 26 July 1982.

3. U.S., Congress, Senate, Committee on Rules and Administration, *Hearings on Campaign Finance Reform Proposals of 1983*, 98th Cong., 1st sess., 1983, p. 400.

campaign-financing practices of their nominees if this were done by mutual agreement. In primary and caucus campaigns for a party's own nominations, however, no such problem would arise.

The legal power of a party to control the financing tactics of those who seek the right to run under the party's standard can hardly be in doubt. In *Democratic Party of the United States* v. *Wisconsin ex rel. La Follette,*[4] the Supreme Court upheld the national Democratic Party's right to restrict eligibility for seating as delegates in its national presidential nominating convention to those who are chosen through procedures in which only publicly declared Democrats can participate. The Court invalidated a Wisconsin requirement that convention delegates be bound to vote for presidential candidates according to the results of Wisconsin's open presidential preference primary in which crossing over by non-Democrats was frequent. The Court held that Wisconsin's state interest in the conduct of its primary did not outweigh the party's stronger right of free association under the First Amendment.

In *Republican Party of the State of Connecticut* v. *Tashjian,*[5] the United States Court of Appeals for the Second Circuit extended this principle to Republican primaries for federal offices such as senator and member of the House. Significantly, the Connecticut law the Court struck down was the opposite of the Wisconsin law; Connecticut required closed primaries instead of open ones. Connecticut's Democratic-majority legislature had limited primary voting for all parties to declared members of the party. This law conflicted with the state Republican Party's rule that its primary be open to all voters. In the second circuit's view, a state's preference for open or closed primaries did not outweigh the party's First Amendment right to make the opposite choice. On this basis, the Court invalidated the Connecticut statute. The case is now on appeal to the Supreme Court.

On the reasoning of these cases, a political party's First Amendment right of free association ought to include the right to require the candidates for the party's nominations to abide by the party's rules on campaign financing, even if the party rules are more stringent than the laws and regulations of the state or federal government. Of course, party rules would have to meet the constitutional standards of due process, equal protection, antidiscrimination, and free speech.[6] But *Buckley* v. *Valeo*[7] allows wider constitutional scope for financing controls that are imposed as conditions to the grant of a privilege, such as nomination as the party's candidate, than for controls that are imposed unconditionally on all. For example, while *Buckley* forbade unconditional expenditure limits as violating the First Amendment, it permitted reasonable and nondiscriminatory expenditure limits on all presidential candidates who accepted federal campaign funds under the statutory condition that such limits be observed. A party should therefore be able to impose similar limits on anyone who seeks the privilege of running for election as the party's nominee.

In the world of practical politics, even the most enlightened incumbent legis-

4. 450 U.S. 107 (1981).
5. 770 F.2d 265 (CA 2, 1985).
6. See *Smith* v. *Allwright*, 321 U.S. 649 (1944).
7. 424 U.S. 1 (1976).

lators have been reluctant to enact laws that cut back an incumbent's natural fund-raising advantage over his or her challengers. That is why it has never been feasible to pass a law for the public financing of congressional campaigns. But incumbent legislators are no longer powerful panjandrums within their own party structures. They might not be able to block the adoption of party rules to control campaign financing that appealed to party officials and to the party convention rank and file. For this reason, it may be useful to speculate on the controls that parties might impose on how campaigns for the party's nominations may be financed.

The party could impose limits on the size of individual contributions and set maximum levels for both contributions and expenditures. It could limit the amounts an individual and his or her family could expend from their own funds. It could bar contributions from particular sources such as single-interest political action committees. It could bar certain types of expenditures, such as those for canned television commercials. It could set up accounting and disclosure procedures and review panels that could decide charges of violation in time to be relevant to the ongoing campaign. As a further control, it could even require that all contributions be made directly to the party treasurer for the benefit of a designated candidate. Within the limits of what can or should be regulated—and these limits are quite severe—there are any number of variations that may be worthy of experiment.

MODEL RULES

Purely for purposes of illustration, a model set of national party campaign financing rules might look as follows:

§ 101 Terms used in §§ 101-7 shall have the meanings set forth in 2 U.S.C. § 431 [the present federal statute], unless otherwise defined.

§ 102 Each candidate for the party's nomination for election to federal office shall file with the Committee all reports of contributions received and expenditures made that are filed with the Federal Election Commission.

§ 103 No candidate for the party's nominations shall make expenditures in excess of:

(A) $———, in the case of a candidate for nomination for election to the office of president;

(B) the greater of $———, or ———¢ multiplied by the voting-age population of the state, in the case of any campaign for nomination for election to the Senate, or to the office of representative from a state entitled to only one representative;

(C) $———, in the case of any campaign for nomination for election to the House of Representatives, delegate from the District of Columbia, or resident commissioner; or

(D) $———, in the case of any campaign for nomination for election to the office of national convention delegate from Guam or the Virgin Islands.

§ 104 (A) No candidate may make expenditures from personal funds, or from the personal funds of his or her immediate family, in connection with his or her campaigns during any calendar year for nomination for election to federal office in excess of, in the aggregate:

(1) $———, in the case of a candidate for the office of president or vice-president;

(2) $———, in the case of a candidate for the office of senator, or

for the office of representative from a state that is entitled to only one representative;

(3) $———, in the case of a candidate for the office of representative, delegate, or resident commissioner, in any other state.

For purposes of this paragraph, any expenditure made in a year other than the calendar year in which the election is held with respect to which such expenditure was made is considered to be made during the calendar year in which such election is held.

(B) No candidate or his or her immediate family may make loans or advances from personal funds in connection with a campaign for nomination for election to federal office unless such loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of such loan or advance.

(C) For purposes of this subsection, any such loan or advance shall be included in computing the total amount of such expenditures only to the extent of the balance of such loan or advance outstanding and unpaid.

§ 105 No candidate may receive contributions from any person, committee, or other affiliated group aggregating more than $——— in any calendar year with respect to nomination for election to federal office.

§ 106 At the beginning of each calendar year, the Committee shall adjust the amounts specified in §——·· of this section in the manner specified in 18 U.S.C. § 608(d), indexing to the consumer price index.

§ 107 No candidate may expend funds for the preparation or broadcast of any canned political commercials, herein defined to be any tape prepared before broadcast other than a tape consisting entirely of a live appearance by the candidate or by an identified supporter speaking on the candidate's behalf.

§ 108 Any contribution to a candidate for the nomination of the party for election to federal office shall be made to the treasurer of the party for the account of that candidate. The treasurer shall establish rules permitting candidates to make expenditures from funds held in their accounts, provided that such expenditures are permitted under §§ 101-8 of these rules.

§ 109 (A) There is hereby created the [party's name] Party Campaign Finance Committee ("the Committee"), which shall consist of five members appointed by the ———, with the approval of the ———. The National Committee of the party shall allocate sufficient financial resources and staff to permit the Committee to fulfill its responsibilities under §§ 101-7.

(B) The Committee shall establish rules of procedure for the filing of complaints of alleged violations of these rules, the answers to complaints, the investigation of complaints, and such other matters as it deems desirable.

(C) The Committee shall establish rules setting forth sanctions for violations of §§ 101-8, including the imposition of restrictions on expenditures by a candidate of funds held for his or her account by the treasurer of the party.

(D) The Committee shall, upon the complaint of any candidate, or upon its own motion, investigate any alleged violations of the foregoing rules. If substantial basis exists for believing a violation has occurred, the Committee shall request and receive written testimony and may hear oral testi-

> mony. If the Committee determines that a candidate has violated §§ 101-7, it shall impose sanctions as prescribed in the rules of the Committee.

As these model party rules make clear, any regulation of campaign financing is necessarily complex, and this very complexity can be self-defeating. These model rules, however, are simpler than existing laws and regulations by several orders of magnitude. Amendment would be much easier, and administration would be faster and more flexible. For nomination races, party controls could be put into force more rapidly than additional statutes or a constitutional amendment. If party controls were put in place, top-flight people who now decline to run because they cannot afford to, or because they dislike the pressures of frantic fund-raising, might be persuaded to try for the nomination.

After a few years of trial and experimentation by one major party, its example might improve the party's public image and the quality of its nominees to the point where the other party would be impelled to adopt comparable rules. If this happened, one could envision the day when both parties agreed to apply the same rules not only to the nominating campaigns, but to the final election campaigns as well.

Is all this what Zechariah Chafee once called an iridescent dream?[8] If so, the reasons must be that politicians care less than they profess about controlling campaign-financing abuses, and that the public is too indifferent to respond favorably to the first party willing to make the effort.

8. Zechariah Chafee, *Government and Mass Communications* (Hamden, CT: Archon Books, 1965), p. 709.

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Living with the FECA: Confessions of a Sometime Campaign Treasurer

By MICHAEL S. BERMAN

ABSTRACT: Presidential campaigns now require the use of substantial legal and accounting resources principally to assure compliance with the Federal Election Campaign Act. The act was designed to reassure the American public that the federal election process was not irreparably corrupted, and, in presidential campaigns, to provide a more level playing field in the accumulation and use of funds. It may be now that the act has become a burden on the process. Contribution limits, certain matching-fund rules, and state expenditure limits in early primary and caucus states have caused candidates to find creative ways to avoid their impact. The rules governing expenditure of funds on grass-roots activity, the heart of American politics, have become far too complicated. All of this means that a person must think twice before taking on the responsibility of being the treasurer of a presidential campaign.

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IT is the height of the campaign season, during the primaries. A suite of offices is appointed with inexpensive metal furniture. Campaign posters, pictures, and charts adorn the whitewashed walls. The office hums days, evenings, and weekends. More than 50 people work there as full-time, salaried staff. Another 150 volunteers provide part-time help. The group has a budget of $3.8 million.

By the looks of it, the office might belong to a Senate campaign in a good-sized state, but it does not. In fact, it is the accounting, legal, and budget office of the 1984 Mondale for President Committee, Inc., later—during the general election—called the Mondale-Ferraro Committee.

During the 1984 presidential primaries, Mondale's accounting staff alone eventually totaled 18. This staff grew to 38 in the general election, including 11 people committed to budget control. During Mondale's two-year campaign, this accounting team filed 39 reports, totaling 17,115 pages, with the Federal Election Commission (FEC). The Mondale campaign had a 4-person legal staff during the primaries, which grew to 13 in the general election. Two lawyers and the controller have remained on the staff into 1986. The legal staff rendered thousands of hours of advice. Most of this massive effort was directed at compliance with the Federal Election Campaign Act of 1971, as amended (FECA), and the FEC's voluminous, complex, and sometimes intrusive regulations that purport to implement that law.

When the FECA was proposed and enacted in 1971, primarily as a disclosure statute, I was enthusiastic. As a Senate staff member, I worked for the FECA's passage in 1971. When contribution and expenditure limits were added in 1974, I was confident we were going in the right direction. I believed the FECA was a necessary and appropriate response to the rampant excesses of the campaign finance system.

For the decade since, I have had extensive hands-on experience with the FECA. In 1972, as manager of a Senate campaign, my responsibilities included raising and spending money and ensuring compliance with the new law. Through the intervening years, as a lawyer and political advisor, I have observed several campaign and committee treasurers, accountants, lawyers, staff, candidates, and public officials trying to work within the FECA. Most recently, I served as treasurer of the Mondale presidential campaign. I have lived with and experienced federal election law in a real and continuing way.

And now, I confess, I am not as sure as I once was that the FECA, as enforced by the FEC, is a workable solution to the admitted problems endemic to campaign finance. I have come to understand why so many who live with the FECA grow weary of the law and frustrated by the often unnecessary burdens it places on the political process. I sometimes wonder whether we have gone too far in pursuit of goals still worth attaining.

The problems with the FECA go beyond the massive and costly staff effort that is required to document compliance and hack through the bureaucratic undergrowth. A law that was designed to reassure the American people that the election process was not irreparably corrupted is now often used by candidates, political parties, and others as a campaign weapon—a device to embarrass a candidate. In these bloody contests between accountants and lawyers for candidates and the

FEC—in which the FEC serves as an often inadequate referee—the FECA's noble goal of purifying the election process becomes lost.[1]

The FECA has produced other untoward consequences. Far from cleansing the election process, it has spawned what I will call creative efforts to comply with—really to evade—its limits. In addition, it has led to rules that are not only sometimes silly and burdensome, but that also inhibit healthy campaign activities.

CONTRIBUTION DISCLOSURE THRESHOLD

The FECA requires disclosure of all contributions over $200.[2] No one seriously quarrels with the idea of disclosure, but I am persuaded that the $200 disclosure threshold is lower than is necessary or useful in presidential campaigns. Those reams of paper that we in the Mondale campaign filed with the FEC would have been substantially reduced had disclosure been pegged at $500 or more. I estimate that the paperwork would have been reduced by about 75 percent.

What does the public get for this work and expense? Very little, I would venture. Few contributions in the $200-$500 range are noteworthy. The statute assumes that contributions below $1000 are unlikely to corrupt a candidate—a conservative assumption in my view. In fact, a good argument can be made that disclosing the smaller amounts makes more difficult the task of gleaning truly useful information from the mountains of paper or untold feet of microfilm at the FEC.

CONTRIBUTION AND EXPENDITURE LIMITS

The FECA limits the amounts and sources of money a candidate may accept. Individual contributions may not exceed $1000 per election;[3] contributions from political action committees (PACs) may not exceed $5000[4]; corporations and labor unions may not contribute at all.[5] In addition, the FECA imposes limits on the amounts presidential candidates who have opted for public financing may spend in the primary and general elections.[6] These restrictions, as intended, effectively limit the amount candidates can raise and spend.

The ability of a candidate to raise funds to support his or her candidacy is one of the crucial tests of the candidacy's viability, but the burden of raising the necessary funds under the current contribution limits has become too great. It is no longer a test of viability; it has become a test of stamina.

The contribution limit of $1000 per person per election was probably too low for presidential races when it was

1. On the whole, I think the FEC and its staff have done as good a job as can be expected under the circumstances. They must interpret and enforce a law that is in many ways badly drafted and that contains pointless restrictions. How well can a commission function when Congress has designed it to be weak and declines to give it the resources it should have to do its job quickly and well? See William C. Oldaker, "Of Philosophers, Foxes, and Finances: Can the Federal Election Commission Ever Do an Adequate Job?" this issue of *The Annals* of the American Academy of Political and Social Science.

2. 2 U.S.C. § 434(b)(3)(A); 11 C.F.R. § 104. 3(a)(4)(i).

3. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. § 110.1(a)(1).

4. 2 U.S.C. § 441a(a)(2)(A); 11 C.F.R. § 110.2(a)(1).

5. 2 U.S.C. § 441b; 11 C.F.R. part 114.

6. 2 U.S.C. § 441a(b); 11 C.F.R. § 110.8.

nacted some 10 years ago. It is an nachronism today. The $1000 of 1974 vas worth $488 in 1984; and while xpenditure limits in presidential races ave doubled since 1974, the amount hat can be donated by an individual has emained the same.

An argument for setting the limit at 1000 was that greater amounts could e corrupting. But can there really be a erious argument that a $2000, $3000, ven $5000 contribution from an indiidual would be corrupting in a presilential campaign that spends $25 million r $30 million? Based on my experience, very much doubt it. Accordingly, I elieve Congress should amend the FECA o raise the contribution limit to $2500 or individuals in presidential campaigns vith automatic increases on the same asis as the expenditure limits.

Because of the current $1000 limit, he matching-fund rules and, to a lesser xtent, some of the expenditure limits, otential candidates for president ncreasingly are using vehicles other han regular campaign committees to inance certain activities in the early tages of their consideration of a presilential race. First, it was independent, nulticandidate PACs with the putative candidates as chair or principal spokesperson and/or fund-raiser. Now, some potential future candidates have organized think tanks—tax exempt, contribution-deductible foundations.

Why have many potential candidates turned to these creative devices? In all likelihood, these candidates understand that as the costs of running a modern campaign for president escalate, limits on the size of contributions and on the amount they can spend on the formal campaign can become a significant restraint. Logically, they begin to look for legal means to hold off the impact of these limits as long as possible.

A multicandidate PAC can accept contributions of up to $5000 per year from individuals. It provides an opportunity for the potential candidate to travel the country, meeting new contributors as part of the PAC's fund-raising program, and to provide support to various other candidates who may in the future return the favor.

The foundations have a variety of other attractions. For example, contributions to such a foundation are tax deductible to the donors; there are no contribution limits; and corporations and labor organizations can contribute, which is not possible with organizations like PACs. Although the foundation cannot provide direct or indirect assistance to candidates, the foundation approach permits the potential candidate to travel around the country in an effort to educate the public about issues of importance. I ask, Is this different from campaigning?

Again, I raise the question, Does the FECA serve its goals and does the public interest benefit when unrealistically low contribution and expenditure limits cause candidates to wear themselves out with fund-raising and find new vehicles to attract and spend money beyond these limits? Is anybody fooled by these foundations? Is respect for the law and confidence in the integrity of campaigns enhanced or subverted?

PRESIDENTIAL PRIMARY MATCHING FUNDS

Under the Presidential Primary Matching Payment Account Act, a candidate campaigning for his or her party's nomination for presidential candidate can opt to receive public financing in the form of grants that match funds that the

candidate has raised privately.[7] In order to qualify for matching funds, the candidate must first raise $5000 in each of at least 20 states but only the first $250 of each contribution is considered in determining whether the candidate has reached the qualifying threshold.[8] Once the candidate qualifies, the public fund matches private contributions he or she received up to the first $250 of contributions received from any individual.[9] Without the matching funds, most candidates would find it impossible to finance a primary campaign at an adequate level within the existing contribution limits. Thus, the availability of matching funds operates to some extent as an equalizer among candidates.

The amount of each individual's contribution that can be matched with federal funds, $250, has not increased since matching funds first became available in the 1976 campaign. Since then, the total amount of matching funds that a presidential primary campaign can receive—one-half the primary expenditure limit—has doubled just as the expenditure limits have doubled. But, like the individual contribution limits, the $250 match cap, I believe, should be increased. I suggest indexing it in the same manner as the campaign expenditure limits.

The combination of an ever increasing primary campaign expenditure limit with a static $250 matching cap means that, in each successive election, primary candidates will have to devote increasing amounts of their severely taxed time and energy to fund-raising. That result is, I suggest, antithetical to one of the purposes of public financing—to allow candidates to devote more time to the issues and less to fundraising. Indexing the $250 match cap would neither materially derogate from the Presidential Primary Matching Payment Account Act's goal of emphasizing smaller contributions from more citizens nor irresponsibly increase the drain on the ample tax checkoff fund. In short, it would be money well spent.

Another reform is needed in this area. Currently, contributions cannot be matched unless they are made and received after 1 January of the year before the actual election year and before 31 December of the election year.[10] The period during which contributions received can be matched should be extended at both ends of the allowable period.

Presidential candidates should not be constrained by the campaign finance laws from beginning their campaigns early if they so choose. If a candidate decides that his or her campaign should begin in earnest two or three years before the general election year and is willing to register a committee at that time, why should the campaign finance law make the candidacy more difficult? If part of the rationale for matching funds is to equalize resources among candidates, the least-known candidate has the greatest incentive for an early start. If the early-starting candidate is not prudent in spending the funds raised and matched, that is his or her problem—and perhaps is a reflection on the candidate's qualifications to hold the job being sought.

The end of the period should also be extended. Many candidates finish the

7. 26 U.S.C. § 9031 et seq.; 11 C.F.R. parts 9031-39.

8. 26 U.S.C. § 9033(b) and 9034(a); 11 C.F.R. § 9033.2.

9. 26 U.S.C. § 9034(a); 11 C.F.R. § 9034.2.

10. 26 U.S.C. § 9034(a); 11 C.F.R. § 9034.2(a)(4). The starting date of the period is set by statute, the closing date by FEC regulation.

primary season in debt. The period between the national conventions, which mark the end of the primary season, and the general election, effectively the end of the fund-raising year, is the most difficult time for any candidate to raise primary funds. Even the successful nominee is constrained in fund-raising during this period due to the need to focus on the general election. Thus it is extremely difficult to retire primary debts. Candidates who have met the eligibility threshold for matching funds should be allowed—if they are able—to continue to raise contributions that qualify for primary matching funds until all debt, winding-down, and employment responsibilities have been met. At a minimum, the end of the primary matching period should be extended to one full calendar year after the year of the general election.

With these changes, the public financing law would more nearly match campaign reality.

EXPENDITURE LIMIT CATEGORIZATION IN PRESIDENTIAL PRIMARY CAMPAIGNS

A presidential candidate who elects to accept public funds in the primary or general elections, as all candidates did in 1984, is limited in the amount he or she can spend in those elections.[11] The FECA, in fact, creates three purportedly distinct categories of expenditures in the primaries for purposes of determining compliance with the law: electioneering, fund-raising and compliance expenditures.[12]

11. 2 U.S.C. § 441a(b); 11 C.F.R. § 110.8.

12. 2 U.S.C. §§ 431(9)(A), 431(9)(B)(vi), and 431(a)(B)(vii)(II); 11 C.F.R. §§ 100.8(a), 100.8(b)(21), and 100.8(b)(15).

The limit for electioneering expenditures applies to all costs incurred for general political activity. In 1984, this limit was $20.2 million. This category is further broken down by individual state expenditure limits based on population, which are discussed in the next section. The limit for fund-raising expenditures allows candidates to spend an additional amount—20 percent of the electioneering expenditure limit—on bona fide fund-raising costs. In 1984, the fund-raising limit was just under $4.1 million. Finally, the law allows candidates to make additional expenditures solely for the purpose of paying costs incurred in complying with the federal election laws. Ironically, candidates may spend an unlimited amount in this category.

There is, in fact, a fourth fund that a candidate can establish—one to pay penalties assessed by the FEC.[13] There is no limit on the size of this fund and no limit on the amount that an individual can contribute to such a penalty fund.

Experience suggests that the overall expenditure limit for presidential primary election campaigns is adequate. Only two primary campaign committees were able to raise sufficient funds to approach that limit: Reagan-Bush and Mondale for President. I am not aware of any serious complaint that the overall expenditure limit impinged seriously on a primary candidacy.

But I do believe that having a special expenditure limit for primary fund-raising—above and separate from the regular expenditure limit—serves no useful purpose and simply complicates record keeping and accounting. If a candidate does not spend the maximum allowed for fund-raising, the money cannot be

13. 11 C.F.R. § 9034.4(b)(4).

used for any other purpose. If, on the other hand, a candidate exceeds the fund-raising limit, the overage is charged to the electioneering expenditure limit.

This is another feature of the campaign laws that causes candidates to be, as it were, creative. To take advantage of the additional fund-raising expenditure limit, candidates send out large quantities of direct mail intended to win voters' support. By including a pitch for funds, however, the candidate is able to charge the costs of the mailing to fund-raising. The same technique can be used with broadcast and print media.

In an effort to limit abuse of the separate fund-raising limit, the FEC by regulation automatically allocates to the electioneering limit all expenditures in a state that occur within 28 days of the primary election or caucus in that state. Thus, all expenditures during that period, whether for fund-raising or not, qualify as electioneering expenses for that state. While that regulation is intended to curb abuse, it severely cramps legitimate application of the fund-raising limit. The period in question is just when people in the state are most focused on the election; it therefore is likely to be the most fertile time for the solicitation of campaign funds.

There is an easy answer to such regulatory overkill. The current special fund-raising expenditure limit should be eliminated, and the amount currently governed by that limit should be added to the electioneering expenditures. One expenditure limit is enough to contend with.

STATE-BY-STATE LIMITS IN PRESIDENTIAL PRIMARY EXPENDITURES

The Presidential Primary Matching Payment Account Act and the FECA limit the amount that can be spent in each state by a presidential primary candidate who has opted for matching funds.[14] The amount is based on the state's population. Thus, for example, in 1984 the limit in New Hampshire was $404,000, the limit in Pennsylvania was almost $2.9 million, and the limit in California was just over $6 million.

These state-by-state expenditure limits in the nomination period create an accounting nightmare and serve no useful purpose. The limits have no practical effect in 47 or 48 of the 50 states, because the amounts are adequate, but the limits have a palpable impact in a few important states. The states that come earliest in the nomination process—Iowa, New Hampshire, and, to lesser extent, Maine—are relatively small and accordingly have low expenditure limits. These states, however, have political and media importance that far exceeds their size and, thus, their expenditure limits. In my view, if a candidate wants to spend every nickel he or she can raise in a small early state on the theory that a win there will carry him or her much farther than a war of attrition, that should be his or her choice. The FEC should have no interest in the candidate's campaign strategy. The candidate would, of course, remain subject to the overall primary campaign expenditure limit.

The current law causes campaigns to be as creative as possible in spending funds in or around these early target states. Some of the tactics that have been used to avoid exceeding these unrealistically low state limits include:

—housing staff across borders in a state in which expenditure limits are not likely to be a problem;

14. 26 U.S.C. § 9035(a) and 2 U.S.C. § 441a(b)(1)(A); 11 C.F.R. § 110.8(a)(1).

—using the four-day rule to shuttle people in and out of the state who would more efficiently be left in the state full time;[15]

—making large media buys on television stations that are physically located in towns across the border in adjoining states but that have a reasonably sized audience in the target state. Only the viewership in the target state is charged against the expenditure limit of the target state; and

—renting cars in other states and driving them into the target states.

It is easy enough to say that candidates running in these states should eschew such tricks and simply stick within the current limits. The realities of the political process, however, are such that the stakes are simply too high. A law that ignores these practicalities cannot work.

PARTY EXPENDITURES FOR PRESIDENTIAL NOMINEES

Each major political party is permitted to spend a certain amount of money to support its general election presidential nominee. In 1984, the amount was $7.3 million. Under the FECA, the party may not simply transfer these funds to the nominee; the party must pay vendors or make expenditures directly.[16] Notwithstanding this rule, as a matter of practice, the candidate works out with his or her party the items for which the party will pay, such as media, travel, and so forth. The party issues checks to the appropriate vendors based on invoices received in the ordinary course of business.

The current law creates an unnecessary complication—one more thing that must be handled in an awkward fashion. The ban on direct transfer to the candidate was imposed for the purpose of increasing the influence of the parties by giving them supposed financial leverage over their presidential candidates. As a practical matter, however, the parties cannot and do not exercise much leverage over their candidates in the general election. Even if the leverage argument was valid, the party could exercise this leverage by refusing to raise or transfer this money if the candidate was uncooperative. I see no good reason why the party should not be able to give the funds in question directly to the candidate, to be spent and controlled in the same manner and as part of the same process as the expenditure of the federal general election grant.

LIMITS ON GRASS-ROOTS EXPENDITURES

Grass-roots activity is the very heart of American political activity, but the rules that must be used to allocate the costs of grass-roots activity to the presidential campaign are very complex. They make the federal and state regulation on the sale of securities seem like child's play.

There are any number of sillinesses in this area, but my favorite is the following. Let us assume that the presidential candidate has a headquarters in a given state. If the party is selling

15. In its regulations, the FEC requires that salary and travel expenses paid to persons working in a state for five consecutive days or more must be allocated to that state. 11 C.F.R. § 106.2(b)(2)(ii) and (iii). To avoid this allocation, staff are instructed to work in a state for no more than four days, then to leave for a day before returning to the state.

16. 2 U.S.C. § 441 a(d); Advisory opinion 1979-9 and 1975-120.

buttons to raise money for party activity, it cannot sell those buttons in the presidential candidate's headquarters, because that headquarters by definition is paid for with federal funds and those funds cannot be used to raise money for the party. However, if the presidential candidate goes through the trouble of paying the overhead of the headquarters through the national party organization with the funds it can spend on its candidate, those buttons can be sold in his or her headquarters.

The provisions pertaining to grassroots activity were added to the FECA in 1979 as part of a package designed to stimulate grass-roots activity, which had declined in the previous election campaigns as a result of the FECA's provisions.[17] But the statute was drawn, and subsequent rules have been promulgated by the FEC, to prevent the grassroots provisions from becoming vast loopholes for evading the FECA's contribution and expenditure limits. Some have suggested that the current grassroots provisions are being exploited as a loophole.[18] I disagree with their thrust. As I see it, these rules curb healthy campaign activity, are difficult to follow, and result in creativity on the part of campaigns seeking to finance grassroots programs.

Consider what faces a state or local party organization that wants to conduct a voter registration or get-out-the-vote drive on behalf of its presidential nominee without the costs' being borne by the nominee's committee:

1. No general public political advertising may be used, including mail done by a commercial vendor.[19]

2. The portion of the cost of the activities allocated to federal candidates—the presidential nominees—must come from funds that meet the party contribution limit and other requirements of the FECA.[20]

3. The payments for the activities must not be made from contributions designated for a particular candidate.[21]

4. The payments must not be made from funds sent by the national party specifically to pay for these activities.[22]

5. Payments may be made to cover the cost of phone banks as long as the phones are operated by volunteer workers, but these volunteers may be paid a per diem.[23]

If the local party organization spends more than $5000 in a calendar year for these activities, it must register with the FEC and file reports of its expenditures.

To make matters worse, state laws are often different from federal law, and individual volunteers simply cannot be expected to sort it all out. The net result is that people get frustrated, and an awful lot of the kind of spontaneous participation that makes our process special is lost.

USE OF PRIVATE AIRCRAFT

The FEC's regulations controlling the use of private nonscheduled aircraft

17. Pub. L. No. 96-187, 93 Stat. 1339 (1980).

18. See Fred Wertheimer, "Campaign Finance Reform: The Unfinished Agenda," this issue of *The Annals* of the American Academy of Political and Social Science; Michael Barone, "Campaign Finance: The System We Have," ibid.

19. 2 U.S.C. § 431(8)(B)(xii)(1); 11 C.F.R. § 100.7(b)(17)(i).

20. 2 U.S.C. § 431(8)(B)(xii)(2); 11 C.F.R. § 100.7(b)(17)(ii).

21. 2 U.S.C. § 431(8)(B)(xii)(3); 11 C.F.R. § 100.7(b)(17)(iii).

22. 11 C.F.R. §100.7(b)(17)(vii).

23. 11 C.F.R. § 100.7(b)(17)(v).

by federal campaigns are something to behold.[24] Let us assume a campaign wants to send a staff person from Washington, D.C., to Denver for a brief meeting and return. The Denver landing is either at Stapleton International, the airport used by the regularly scheduled airlines, or at nearby Front Range Airport, which does not have scheduled service. XYZ Corporation is willing to make a plane available. The regular charter cost would be $28,000. If the flight is to Stapleton, the campaign need only pay XYZ first-class airfare for the staff person. If the flight is to Front Range, the campaign pays the full charter rate because Front Range does not have scheduled service.

If the aircraft is owned by an individual rather than a corporation, the campaign must pay the full $28,000 charter fee regardless of which of the Colorado airports is used as the destination point.[25] That is because the cheaper rate is only available if a corporate-owned aircraft is used.

PRIMARY DEBATES

It would seem logical that a political party would want to sponsor public debates between candidates seeking its nomination. If it were the national party committee, it might want to do it right, with a proper setting, television coverage, and so forth. Those debates cost money, and there is the rub. Under the FECA any money the party spends for this purpose must be treated as a contribution by the party to the individual candidates.[26]

Let us assume that the debate costs $25,000 to mount and only four candidates participate. The allocable contribution per candidate would be $6250, but the most the party can contribute to any individual candidate in the primary is $5000. Yes, the party could get the individual candidates to pick up the extra $1250, but there will always be some candidate who is reticent to debate and is not about to pay for the privilege of being beaten up in public. Perhaps one of the other candidates would like to pick up the cost for the reticent candidates. That will not work because the willing candidate has received matching funds and since a proportionate part of every dollar spent is presumed to be federal matching funds, a contribution from one presidential candidate to another might not be a qualified campaign expense.[27]

The solution is as simple as it is badly needed. Party-sponsored debates simply should be exempt from the FECA's contribution rules.

ROLE OF THE TREASURER

I had never been reticent to encourage people to accept a position as treasurer of a candidate's committee, but now I hesitate. Until recently, treasurers have generally not been charged with violations of the FECA unless they personally committed some unlawful act. Now the FEC seems bent on taking a different and, to my mind, misguided approach. It has adopted a policy that treasurers can be found to have violated the act in their official capacity if the

24. 11 C.F.R. §§ 114.9(e) and 9034.7.

25. 11 C.F.R. § 9034.7(b)(7).

26. The FEC debate regulations do not permit parties to stage debates, so the costs incurred by the parties are not exempt from the definition of contribution. 11 C.F.R. §§ 110.13 and 100.7(b)(21).

27. 11 C.F.R. §§ 9034.4(a) and 9032.9.

campaign committee is found to have violated the law.[28]

In my view, treasurers should only be liable for the specific acts they commit that violate the statute, for example, knowingly accepting corporate contributions, failing to establish and maintain a reasonable accounting operation, or failing to file the requisite reports in a timely fashion.

There is no way that any campaign treasurer can maintain sufficient day-to-day control over the operation of a large campaign so as to assure that no provision of federal law has been violated. For example, during the general election, the Mondale campaign had over 900 people on the payroll and thousands of volunteers in all 50 states and hundreds of congressional districts. So great a number of people over so much territory cannot be supervised for conformity to every provision of federal law.

No matter how hard presidential campaign treasurers try to assure compliance, it is an all but impossible task. Campaign operatives with only one motive, winning, will come up with new and creative ways to meet their objective. Usually they will be legal; sometimes they will not be. If campaign treasurers are made liable for every untoward act of their campaign committee, even if only in their official capacity, the day could soon come when no reasonable person will accept this responsibility.

28. Agenda document 83-119, adopted, 18 Aug. 1983.

CONCLUSION

For most people, the 1984 presidential campaign was over on 5 November 1984. That is not true for those of us who agreed to be the treasurer of a presidential campaign. As I write this article, the campaign has been over for more than a year, and I am still at it. I will be at it when this article is published. If I am really lucky, two or three years after the campaign is over I will have answered the last of the FEC's questions and sent the last box of records to storage.

I am often asked by persons thinking about running for president for general advice. Without fail, I highlight the need to obtain the services of a competent lawyer and a competent accountant before taking the first fledgling steps. If that advice is sound, and I think it is, then just maybe our campaign finance laws have gone too far.

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Of Philosophers, Foxes, and Finances: Can the Federal Election Commission Ever Do an Adequate Job?

By WILLIAM C. OLDAKER

ABSTRACT: This article assesses the effectiveness of the Federal Election Commission (FEC) in today's environment by discussing three types of constraints that limit the FEC's authority: contextual, legal, and administrative. The contextual restraint is seen in the unique political position in which the FEC finds itself, regulating its maker and benefactor, the Congress. The legal constraints involve the First Amendment and its interplay with the statutes that the FEC administers. Finally, the article addresses the administrative constraints under which the FEC must labor, and it examines two frequent charges against the commission: the politicalization of its enforcement procedure and the assertion that the FEC pursues petty infractions. The article concludes that the FEC deserves a mixed review, noting that it stumbles in its attempt to keep the foxes out of the chicken coop and the chickens in during congressional elections. The FEC must be made far more independent to be effective.

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OVER 2000 years ago in ancient Greece, a first attempt at campaign reform was made. The great philosopher Plato in his classic work *The Republic* proposed a radical restructuring of the Athenian state. And whom did the philosopher suggest should run the Athenian state? None other than philosopher-kings. Plato proposed a reform so that men like him would take command.[1] Thus one of the oldest principles of election law reform was first illustrated: if allowed to design chicken coops, foxes make notoriously poor architects.

Over the past century, the United States has struggled to find some way—consistent with our traditions, our First Amendment freedoms, and our political culture—to regulate the influence of money in politics.[2] As we near the eightieth anniversary of the first federal campaign finance statute,[3] we face the frustrating conclusion that, while much has changed, far too much remains the same.[4] Throughout this period there have been alternating waves of public attention and inattention, swinging from hope and reform at one pole to cynicism and apathy at the other.

On several occasions, Congress has been moved to action; however, almost every such foray into campaign regulation prior to 1974 was totally unsuccessful.[5] Indeed, as Congress considered scrapping the old system of campaign finance regulation during the infamous Watergate period, Senator Daniel Inouye explained what 60-plus years of political self-regulation had thus far produced:

> In every election year candidates for Federal office have avoided, circumvented, and occasionally evaded just about every State and national law that regulates the political fund-raising process. The techniques of avoidance may be complex, but they are well-known. Secret conduits, spurious committees, and other forms of deceit and subterfuge come into existence to assure candidates the money needed to reach the voters.[6]

By 1974, a broad consensus had emerged in Congress that one of the principal reasons that pre-Watergate campaign reform had failed was the lack

1. Plato, *The Republic*, ed. Raymond Larson, Croft Classics (Arlington Heights, IL: AHM, 1979).

2. For a brief but insightful history of the early period of campaign finance regulation, from 1890 to 1920, see *United States* v. *UAW*, 352 U.S. 567, 570-77 (1957).

3. The statute, 34 Stat. 864 (1907), was the predecessor of the Corrupt Practices Act, 18 U.S.C. § 602 et seq. (1976 and Supp. 1985).

4. Testimony given before a House committee reviewing election finance in 1906 would be almost totally relevant and timely if offered today. Witnesses then feared the influence of the "great corporations" and the probability of "bought" members of Congress. Samuel Gompers said it was "doubtful" that "the contributions and expenditures of vast sums of money . . . can continue to increase without endangering the endurance of our Republic." Compare U.S., Congress, House Committee of Elections, *Hearing on Contributions to Political Committees in Presidential and Other Campaigns*, 59th Cong., 1st sess., 12 Mar. 1906, with U.S., Congress, Senate, *Hearings before the Committee on Rules and Administration*, 96th Cong., 1st sess., 1979. The first set of hearings led to the enactment of the forerunner of the Corrupt Practices Act; the second, to the Federal Election Campaign Act Amendments of 1979, Pub. L. No. 96-187, 93 Stat. 1339 (1980).

5. For an evaluation of the failure of pre-1974 campaign regulation, made by a "candidate, a fundraiser, and . . . a member of an investigative panel looking into campaign finance practices," see Senator Daniel K. Inouye, in U.S., Congress, Senate, *Congressional Record*, 93rd Cong., 2d sess., 9 Apr. 1974, pp. S01351-53.

6. Ibid.

of a single effective enforcement mechanism or agency charged with the task of policing the election law. Until 1974, the Department of Justice and the comptroller general, neither of which had a vested interest in ensuring that campaign finance law was enforced, jointly shared oversight of the Corrupt Practices Act. The inevitable result of this split in authority between two uninterested agencies was that the election laws were simply not being enforced. The ranking Republican on the Senate committee that created the Federal Election Commission (FEC) claimed that enforcement of the Corrupt Practices Act, the campaign finance law existing then, "has not been done for 40 or 50 years or more" and that disclosure reports "have failed to be filed, and nobody is even concerned over doing anything about it."[7] His House counterpart agreed, "Historically, campaign finance reform legislation has been a failure because of the lack of effective enforcement. The Corrupt Practices Act was almost never effective in its 50-year life."[8]

Thus it was not merely a lack of statutory restrictions, but a lack of any effective enforcement mechanism that marked pre-Watergate campaign finance regulations. That was to change with the 1974 act.[9]

FROM WATERGATE TO *BUCKLEY* TO TODAY'S FEC

It was only after tedious and extensive debate, hearings, and compromise between House and Senate bills that Congress created the FEC in 1974.[10] In the end, Congress created a "commission"—it specifically avoided the term "independent agency"—whose structure was, to say the least, unique.[11] The FEC was to have eight members. Two were to be the secretary of the Senate and the clerk of the House as ex officio, nonvoting members; two were to be selected by the president pro tempore of the Senate, two by the Speaker of the House, and two by the president of the United States. The six appointed members were to be evenly divided between the two major political parties.[12]

If the foxes in Congress were giving up their self-supervisory role, they were not going to turn over the keys to the chicken coop to just anyone. As can be seen, Congress essentially tried to retain the right to select six of the FEC's eight members. It also ensured that there was nothing in the bill that gave the FEC any real authority to make substantial changes in campaign finance law. Con-

7. Senator Cook, in ibid., 3 Apr. 1974, p S9553-4.

8. Congressman Bill Frenzel, in U.S., Congress, House, 93rd Cong., 2d sess., 1974, H. Rept. 1239, p 140

9 See Federal Election Campaign Act Amendments of 1974, Pub. L. No. 93-443, 88 Stat. 1263 (1974).

10. The House bill, H.R. 16090, as reported by committee, established a "Board of Supervisory Officers" with seven members: the secretary of the Senate, the clerk of the House of Representatives, the comptroller general, and four individuals, two appointed by the president of the Senate and two by the Speaker of the House, evenly split between the parties. See H.R. 16090, 93rd Cong., 2d sess. § 207(a) (1974); U.S., Congress, House, H. Rept. 1239, pp. 27-31. The Senate bill, S. 3044, established a Federal Election Commission with eight members: the comptroller general, who could not vote, and seven appointed by the president. Two of those seven, however, were to be "recommended" to the president by the Speaker of the House and two more by the president pro tempore of the Senate—split between the parties—with the last three chosen by the president on a two-to-one party basis. S. 3044, 93rd Cong., 2d sess. § 207(a) (1974); U.S., Congress, Senate, 93rd Cong., 2d sess., 1974, S. Rept. 689.

11. See Pub. L. No. 93-443, 88 Stat. 1263, 1280-82.

12. Ibid.

gress provided an added safeguard against any attempted changes by the FEC—any rules or regulations the FEC might make could be vetoed by either house of Congress.[13]

The Supreme Court soon ruled unanimously in *Buckley* v. *Valeo*[14] that Congress's method of appointing federal election commissioners was an unconstitutional breach of the separation of powers. This was the first invalidation of a major congressionally created agency since the New Deal. The thrust of the Court's ruling was that Congress could not make appointments to what was, in fact, an agency of the executive branch. This ruling effectively blunted Congress's effort to have at least some foxes guarding the coop.

Congress reacted to *Buckley* with relative speed. Less than four months later, it reconstituted the FEC as a commission with eight members. Congress again provided for two ex officio, nonvoting officers from its ranks, the secretary of the Senate and the clerk of the House. But this time Congress provided that the six other voting commissioners would be chosen by the president, to be confirmed by the Senate. Again, however, Congress decreed that the six voting members be evenly split on party lines.[15]

Of course, Congress did not abdicate its control over the FEC. Congress retained purported power to veto any proposed FEC regulations.[16] Congress also, of course, controls the FEC's budget. Moreover, in 1980, Congress added a requirement that any FEC enforcement action be based on an affirmative vote of four of the commission's members.[17]

For almost a decade since its reconstitution, the FEC has ostensibly operated independently from Congress, as chief enforcer of our federal election laws. Torn desperately between the tasks of keeping the foxes out of the coop and keeping the chickens in, the commission's job is to keep the politicians more than paws' length away from the contributors and to keep the contributors within the fence of the rules wherever possible. Not only is this an exceedingly difficult and thankless task, but, as I will describe in greater detail, it is an almost impossible job, given the constraints on the FEC.

CONSTRAINTS ON THE FEC's EFFECTIVENESS

The foregoing history of how the FEC originated and evolved into its present structure provides the background for an analysis of the reasons for the FEC's limited effectiveness in the enforcement field. It is useful to view the constraints on the FEC's authority as falling into three categories: contextual, legal, and administrative. Of course, these categories overlap and have a certain interplay,[18] but generally they

13. Ibid., p. 1287.

14. 424 U.S. 1, 118-43 (1976)

15. The formula, found in Pub. L. No. 94-283, 90 Stat. 475 (1976), is essentially now 2 U.S.C. § 437(c).

16. Though called into doubt by the Supreme Court's decision in *Immigration and Naturalization Service* v. *Chadha*, 462 U.S. 919 (1983), the legislative veto language remains at 2 U.S.C § 438(d)(2)

17. Added by the 1979-80 act amendments, the four-vote rule is now at 2 U.S.C. § 437g(4)(A)(i).

18. For example, the FEC's failure to meet the challenge posed by independent expenditures—discussed in the present article on pp. 138-41—is in part a contextual one, in that, for example, political forces support independent expenditures; a legal one, given, for example, First Amendment limits from *Buckley* and *Federal Election Commission* v. *National Conservative Political Action Committee*, 105 S. Ct. 1459 (1985); and an admin-

provide, I believe, a workable framework in which to consider certain issues.

Contextual constraints

By "contextual constraints" I mean limitations on the FEC's effectiveness that result from its peculiar position vis-à-vis the Congress. Consider the inherent inhibitions on the commission's freedom to act created by the paradox that every enforcement action directed at a member of Congress bites the hand that feeds the commission. On the one hand, the FEC polices the most sensitive of all congressional activities—reelection efforts; but on the other, Congress retains the power to control the FEC's operations, by limiting its budget, amending the Federal Election Campaign Act (FECA), and, at one time, by rejecting regulations proposed by the FEC. Every enforcement action against a member of Congress is an enforcement action against the commission's boss—a limitation that must be painfully omnipresent to all those at the FEC.

A vivid example of this contextual constraint can be found in the aftermath of the 1980 elections. In August of 1981, the FEC cited 359 House and 84 Senate candidates for failing to file financial reports as required under the FECA.[19] Congressional hostility to the FEC—stimulated by this vigorous effort to put teeth in the FECA's reporting provisions—became glaringly apparent when it came time to renew and vote on the FEC's budget. During the agency's budget-review hearings, the FEC's commissioners were grilled at length on the criteria employed in determining whom to investigate and how they conducted an investigation.[20] They were accused by many in Congress of bureaucratic nitpicking.[21] Indeed, the hearings were so intense they were dubbed an "inquisition."[22]

The end result was that the FEC budget for fiscal year 1982 was slashed over 25 percent.[23] There was even talk of abolishing the commission. This led Common Cause, one of FEC's staunchest supporters, to state: "Members of Congress basically do not want to be regulated. They tend to forget the FEC was created BY them, not FOR them."[24]

Thus, in the final analysis, an adversarial relationship will always exist between Congress and the FEC, the agency created by Congress to regulate it.[25] The FEC will be forced to continue to walk a tightrope—vigorously enforcing the laws passed by Congress, while stopping short of incurring congressional wrath to such an extent that Congress decides to put the FEC out of business.[26]

istrative one, in that the FEC chooses not to or lacks resources to enforce vigorously laws that are on the books. Still, while they are related, each of these failings is different and demands a different response. Likewise, a change in political climates—contextual—may produce budget cuts at the FEC—administrative—or a change in the act—legal. The opposite can be true as well. Just the same, differentiation between the categories is useful for our purposes here.

19. This requirement is found at 2 U.S.C. § 434.

20. Clay F Richards and Gregory Gordon, "The FEC and the Battle with Congress," *Los Angeles Daily Journal*, 9 Sept. 1981.

21. For a more detailed discussion of the investigative or enforcement process, see text in the present article under administrative constraints, pp. 141-42.

22. *Los Angeles Daily Journal*, 9 Sept. 1981.

23. Ibid.

24. Ibid.

25. Ibid. It should be noted that Congress has chosen not to be regulated by other federal watchdogs such as the Equal Employment Opportunity Commission or the Department of Labor's Occupational Safety and Health Administration.

26. *Los Angeles Daily Journal*, 9 Sept. 1981

Legal constraints

Significant legal constraints also impinge dramatically on the FEC's effectiveness in the enforcement field. These constraints principally result from (1) the First Amendment and its interplay in general with the statutes the FEC administers;[27] and (2) independent expenditures, which are a loophole in the campaign finance laws shielded by the First Amendment.

The First Amendment. The First Amendment, of course, protects both freedom of speech and freedom of association. It has been said, and repeated, that the protection the First Amendment affords to these precious freedoms has its most urgent application in the field of political speech and elections.[28] Thus the real constraints the FECA imposes on federal electioneering naturally raise broad and often delicate First Amendment issues.

Indeed, it now appears to be a given that any statute passed by Congress for the purpose of regulating campaign contributions or expenditures will face an immediate, vigorous, and vocal First Amendment challenge.[29] As a result the FEC frequently finds itself enmeshed in the litigation process defending the constitutionality of a provision of the FECA—a tremendous drain on its meager resources[30]—while at the same time it is required to enforce the challenged statute until a final definitive ruling is made by the Supreme Court.

This constraint is illustrated by the brouhaha that accompanied the 1974 FECA amendments. These amendments, among other things, limited political contributions to candidates for federal office; limited expenditures by candidates; limited expenditures by individuals or groups relative to a clearly identified candidate—that is, independent expenditures; and required political committees to keep and disclose detailed records of contributions and expenditures, including names and addresses of contributors.

These amendments were immediately challenged by several groups and individuals as violating the First Amendment's guarantees of freedom of speech and association as well as the Fifth Amendment's due-process clause.[31] In January 1976, the Supreme Court, in

27. These statutes include Federal Election Campaign Act, as amended, 2 U.S.C. § 431 et seq.; Presidential Election Campaign Fund Act, as amended, 26 U.S.C. § 9001 et seq.; Government in the Sunshine Act, 5 U.S.C. § 552b.

28. See, for example, *Buckley* v. *Valeo*, 424 U.S. 1, 14-15; *Monitor Patriot Co.* v. *Roy*, 401 U.S. 265, 272(1971).

29. The First Amendment challenge encompasses not only the right of free speech but also the freedom of association. See, for example, *Buckley* v. *Valeo*, 424 U.S. 1; *Federal Election Commission v. National Conservative Political Action Committee*, 105 S. Ct. 1459. In recognition of the probable First Amendment implications, the act provides for speedy review of constitutional questions.

30. The FEC's resources are discussed in the present article under administrative constraints, pp. 141-42.

31. The plaintiffs were a candidate for the presidency, a U.S. senator up for reelection, a possible contributor, the Committee for a Constitutional Presidency—McCarthy '76, the Conservative Party of the State of New York, the Mississippi Republican Party, the Libertarian Party, the New York Civil Liberties Union, Inc., the American Conservative Union, the Conservative Victory Fund, and Human Events, Inc. The commission itself was named as one of the defendants in the two suits filed. One of my first tasks in taking over as assistant general counsel for litigation and enforcement for the FEC was to review the FEC's brief and prepare for oral argument before the Supreme Court over the challenge.

Buckley v. *Valeo*,[32] upheld the FECA's contribution provisions, struck down its expenditure provisions as unconstitutional, and declared its disclosure and record-keeping provisions constitutional.

In *Buckley*, the Court broadly articulated the principles by which the consitutionality of campaign finance regulations would be judged:

> The Act's contribution and expenditure limitations operate in an area of the most fundamental First Amendment activities. Discussion of public issues and debate on the qualifications of the candidates are integral to the operation of the system of government established by our Constitution. The First Amendment affords the broadest protection to such political expression in order to assure [the] unfettered interchange of ideas for the bringing about of political and social changes desired by the people.[33]

The Court went on to expound on why campaign finance statutes also implicate the First Amendment freedom of association:

> The First Amendment protects political association as well as political expression. The constitutional right of association . . . stemmed from the Court's recognition that "[e]ffective advocacy of both public and private points of view, particularly controversial ones, is undeniably enhanced by group association." Subsequent decisions have made clear that the First and Fourteenth Amendments guarantee "freedom to associate with others for the common advancement of political beliefs and ideas," a freedom that encompasses "[t]he right to associate with the political party of one's choice."[34]

Thus the FEC will continue to have to operate subject to the sometimes acute tension between the First Amendment rights of speech and association and the congressional determination to preclude political corruption. If the FEC is too aggressive, it will be charged, sometimes correctly, as treading insensitively on precious First Amendment freedoms.[35] If, on the other hand, the FEC proceeds too cautiously, it will be accused, sometimes correctly, of countenancing corrupt campaign finance practices.[36]

Independent expenditures. The problem of how to regulate independent expenditures has continued to be a thorn in the FEC's side. The FEC correctly views the vehicle of independent

32. 424 U.S. 1.

33. Ibid., pp. 14-15.

34. Ibid.

35. Indeed, the commission on several occasions has run into First Amendment difficulties in determining what specifically constitutes a "communication expressly advocating the election or defeat of a candidate" so as to trigger the reporting requirements of the act. 2 U.S.C. § 431(b)(4)(c). The courts have consistently held that in order for the act to withstand a First Amendment challenge on overbreadth grounds, the act's provisions must be narrowly construed. A statute is void on its face under the overbreadth doctrine if it can be applied in order to punish people for constitutionally protected speech. In *Federal Election Commission* v. *AFSCME*, 471 F. Supp. 315 (D.D.C. 1979), the district court held that a poster depicting President Ford embracing former President Nixon while wearing a button stating "pardon me" was an expression on a public issue, rather than a statement of advocacy for or against the reelection of Ford. Therefore it constituted protected speech immune from regulation by the act. Likewise, in *Federal Election Commission* v. *Central Long Island Tax Reform Immediately Committee*, 616 F.2d 45 (2d Cir. 1980), the appellate court held that the distribution of a member of Congress' voting record on certain economic and tax issues did not fall within the act's requirement of express advocacy of the defeat of the member of Congress and, therefore, could not be regulated by the FEC.

36. See, for example, the discussion of the FEC's reluctance to enforce section 9012(f), in the present article on pp. 139-40.

expenditures as a way around the contribution limits upheld in *Buckley*.[37] Individuals and groups, through this loophole, can spend millions of dollars on promoting or opposing a candidate without any limit and without adhering to the FECA's detailed reporting requirements.[38]

In an attempt to close part of the gap in the election laws after *Buckley*, Congress in 1976 passed the amendments to the Presidential Election Campaign Fund Act. These amendments provided, as had been the case under the old laws, that where a candidate in the presidential general election had opted for public financing no political committee could expend more than $1000 in his or her support. The provision—section 9012(f)—did not limit independent expenditures by individuals or groups other than political committees. Congress thus sought to overcome the constitutional infirmities in the previous broad limit on independent expenditures by restricting those expenditures only where the candidate to be supported had chosen public funding. This approach was stimulated by the fact that in *Buckley* the Supreme Court had sustained a candidate expenditure limit when it was tied to the candidate's acceptance of public funding.

Notwithstanding the plain language of the statute, the FEC appeared reluctant to enforce section 9012(f) when, in 1980, several so-called independent expenditure committees announced their intention to raise and spend millions of dollars to support the candidacy of Ronald Reagan, who had opted for public financing in the general election. The FEC, in fact, took no action whatsoever until Common Cause sued the committees in federal court in the District of Columbia. The FEC, its hand forced, then filed its own suit against the committees in the same court, alleging that the committees were violating section 9012(f). The FEC did not challenge the actual independence of the committees, which Common Cause had done. A three-judge district court dismissed both the Common Cause and the FEC lawsuits, holding that the statute violated the First Amendment. That decision was affirmed by an equally divided Supreme Court—Justice O'Connor recused herself—an affirmance that lacked precedential effect outside the District of Columbia.[39]

In the meantime, Common Cause had filed an administrative complaint with the FEC that alleged that the pro-Reagan committees were not, in fact,

37. Congress recognized the potential for abuse posed by independent expenditures in debating the 1974 amendments to the FECA and expressly included limits on such expenditures, noting that controls were essential in order to preclude rendering the direct-contributions limits meaningless. "Admittedly, expenditures made directly by an individual to urge support of a candidate pose First Amendment issues more vividly than do financial contributions to a campaign fund. Nevertheless, to prohibit a $60,000 direct contribution to be used for a TV spot commercial but then to permit the would-be contributor to purchase the time himself, and place a commercial endorsing the candidate, would exalt constitutional form over substance. Your Committee does not believe the First Amendment requires such a wooden construction." U.S., Congress, Senate, 93rd Cong., 2d sess., S. Rept. 689, pp. 18-19.

38. The loophole of independent expenditures has led to "the infusion of massive PAC [political action committee] expenditures into the political process." See *Federal Election Commission* v. *National Conservative Political Action Committee*, 105 S. Ct., p. 1479.

39. See *Common Cause* v. *Schmitt*, 512 F. Supp. 489 (D.D.C. 1980), *aff'd by an equally divided court*, 455 U.S. 129 (1982).

independent of the official Reagan campaign and, accordingly, that their expenditures on his behalf constituted illegal contributions to him. That complaint languished at the FEC for more than three years before it was finally dismissed. In recommending dismissal to the commission, the FEC's general counsel did not conclude that he was confident that there had been no improper collusion between the pro-Reagan committees and the official Reagan campaign. Rather, his recommendation was based in part on his view that the commission lacked sufficient resources to pursue the investigation further than it had.

When the 1984 campaign season rolled around, the FEC again seemed reluctant to enforce section 9012(f), as it was free to do outside the District of Columbia. This time the Democratic Party forced the FEC's hand by bringing a lawsuit against two pro-Reagan so-called independent expenditure committees in federal court in Philadelphia. As in 1980, the FEC took up the fight and brought its own lawsuit in the same court, and, again, a three-judge court invalidated the statute as an unconstitutional infringement of First Amendment rights.

When the Presidential Election Campaign Fund Act's limits on expenditures reached the Supreme Court again in *Federal Election Commission v. National Conservative Political Action Committee (NCPAC)*,[40] they were predictably struck down. Holding that preventing corruption or the appearance of corruption is the only compelling government interest in restricting campaign finances, the Court maintained, notwithstanding Congress's apparent judgment to the contrary, that "the hallmark of corruption"—that is, "the financial *quid pro quo*: dollars for political favors"—was not present as an issue in independent expenditures. While conceding that it was possible that a candidate might take notice of individuals responsible for expenditures by political action committees and reward them with official favors, the lack of prearrangement and coordination with the candidate, according to the Court's majority, militates against such a possibility.[41]

The dissent in *NCPAC* refuted the majority's somewhat naive assertion that independent expenditures did not pose a substantial danger that the candidate for political office would be excessively influenced by the individual or group providing the financial support. Noting that "aggregations of wealth" exercise considerable power over candidates, forcing them to please the "spenders" rather than the voters, the dissent quoted Senator Eagleton concerning congressional campaigning:

> The current system of financing congressional elections... virtually forces Members of Congress to go around hat in hand, begging for money from Washington-based special interest groups, political action committees whose sole purpose for existing is to seek a quid pro quo. . . . We see the degrading spectacle of elected representatives completing detailed questionnaires on their positions on special interest issues, knowing that the monetary reward of PAC support depends on the correct answers.[42]

That does not complete the story of the FEC's struggles with the problems posed by independent expenditures. In addition to the Common Cause admin-

40. 105 S. Ct. 1459 (1980).

41. Ibid., p. 1469.

42. Ibid., p. 1479 and n. 12.

istrative complaint mentioned earlier, the FEC has received a number of complaints alleging that certain purportedly independent expenditures were in fact made collusively.[43] The FEC has dismissed or failed to rule on each such complaint. Perhaps each of its decisions was warranted on the facts presented, but the result has been a perception that the FEC is either hostile to such complaints or simply lacks the resources or know-how needed to investigate them effectively, or both.

Another serious shortcoming is the FEC's failure to develop an adequate common law of or working criteria for judging the so-called independence of an expenditure. None has emerged from the FEC's actions on the complaints brought to it, and the FEC has inexplicably never taken any action on a petition for rule making on the subject that it received five years ago in 1981.

Thus the FEC, while having the power and ability to enforce limitations on direct campaign contributions, is hamstrung by First Amendment considerations and other problems in plugging a real leak—independent expenditures—in the dike erected by Congress to hold back political corruption. Unless and until the leak is plugged, the FEC cannot truly be said to constitute an effective weapon against undue influence in the political arena.

Administrative constraints

The FEC's staff and its overall budget are quite simply inadequate to accomplish its delegated responsibilities. The FEC has two basic functions: its record keeping and disclosing of campaign finance reports, for which it receives high marks,[44] and its auditing of the plethora of campaign expenditures and enforcing election laws. It is this latter enforcement duty that attracts the most criticism, with the FEC being charged with nitpicking and pursuing what many in Congress regard as petty infractions.[45] Contributing to this problem is the FEC's lack of power to initiate enforcement actions or campaign audits; rather, it is permitted to react only when complaints are lodged with it.[46] Moreover, an affirmative vote by four of the commissioners, who are split evenly on party lines, is required to initiate an enforcement action. These statutory constraints on the FEC's enforcement power clearly reflect Congress's fundamental desire to hamstring the FEC.

Congress provided the FEC with certain powers unique to an independent agency,[47] but the FEC still faces monumental administrative limitations in its enforcement ability. Confronted with voluminous possible violations of the statutes it is charged with enforcing, the FEC must, of necessity, exercise discretion in determining against whom it will proceed. Complicating this task is the fact that only 10-20 percent of the

43. Specifically, the complaints alleged that the candidates to be benefited by the expenditure had been consulted concerning the best means of utilizing the expenditure in order to further the candidates' interest.

44. *Los Angeles Daily Journal*, 9 Sept. 1981.

45. Ibid.

46. See 2 U.S.C. § 437g(a).

47. Specifically, the FEC, unlike other federal agencies, has the authority to bring suit without Justice Department approval. See 2 U.S.C. § 437d(6). It also can negotiate conciliation agreements requiring an admission from the purported offender. 2 U.S.C. § 437g(a)(4)(A)(i). Because it holds no enforcement hearings prior to bringing suit, it has been labeled "investigator, prosecutor, judge and jury." Senator Ted Stevens, quoted in *Los Angeles Daily Journal*, 9 Sept. 1981.

commission's meager budget is allocated to the enforcement function.[48]

The commission has also been given the responsibility to issue advisory opinions and regulations. While the issuing of regulations is similar to the regulatory function of other administrative agencies, the issuing of advisory opinions is quite unique. The advisory opinion, according to its critics, allows the commission to make law in a very piecemeal fashion without the benefit of adequate comment or criticism that would provide insight into the full implications of its proposal actions.

Each of these problem areas—politicization of enforcement and the piecemeal process of lawmaking through the vehicle of advisory opinions—will be explored more fully.

Politicalization of enforcement. In addition to limited resources and an almost Herculean enforcement problem, the FEC in its administration of its statutes is also bedeviled by two charges. First, it is asserted that political influence affects the FEC's final determinations of which enforcement actions to pursue. Second, the FEC is accused of having its priorities askew; that is, it is accused of pursuing what many in and out of Congress believe are petty infractions and, conversely, of failing to address major issues affecting campaign finance. Indeed the problem can be summed up succinctly: "you can't take the politics out of politics."[49]

Because of its limited resources, where the FEC chooses to focus its attention is inevitably second-guessed and criticized. Many view its enforcement actions as being dictated by the political party in power at the time, despite the three-three split by party in the body of commissioners. Indeed, this charge has been leveled by the Republicans during the Carter administration and by the Democrats during the Reagan administration.

This politicalization of the FEC's enforcement actions was highlighted in the Supreme Court's decision in *Federal Election Commission* v. *National Conservative Political Action Committee.*[50] This case involved a suit by the Democratic Party against several political action committees that had announced that they intended to spend substantial sums of money to reelect President Reagan in 1984. The Democrats sought injunctive relief against the political action committees under the provisions of the Presidential Election Campaign Fund Act that limited independent commitee expenditures for candidates to $1000. The FEC intervened in the case, attempting to dismiss the complaint for lack of standing. Seeking the same relief, it then brought a separate action against the same political action committees.

While ultimately holding that the expenditure limitation was unconstitutional, the Court addressed the FEC's enforcement powers. The Court found that the FEC, under both the Presidential Election Campaign Fund Act and the FECA, had exclusive jurisdiction with respect to civil enforcement of those statutes. Moreover, the Court held that it was within the exclusive jurisdiction of the FEC "to determine how and when to enforce the Act."[51]

48. See, for example, Federal Election Commission, *Annual Report* (Washington, DC: Federal Election Commission, 1984), p. 60.

49. *Los Angeles Daily Journal,* 10 Sept. 1981.

50. See *Federal Election Commission* v. *National Conservative Political Action Committee,* 105 S. Ct. 1459.

51. Ibid., p. 1463.

While imbuing the FEC with vast power by ordaining that it alone could enforce the two statutes, the Court, *in dicta*, noted the political realities within which the FEC was operating:

> In the present case, for example, there is no indication that the FEC would have filed a complaint against the PACs for a declaratory judgment if the Democrats had not done so first. The FEC might have chosen to focus its resources elsewhere or to pursue an enforcement action at a later date. The Democrats forced its hand; the subject of the litigation was so central to the FEC's function that it had no choice but to intervene once the action had been commenced.[52]

Nor is this politicalization confined merely to a political party. The FEC has also been charged with taking enforcement actions based on petty infractions that help friendly incumbent members of Congress at the expense of their challengers. For example, in 1979, Senator Jacob Javits, a supporter of the FEC, faced a challenge for the Republican senatorial nomination from Alfonse D'Amato. D'Amato spent $400 printing 900 campaign brochures in order to win the nomination; the brochures did not contain the required disclaimer.[53] The FEC had previously failed to take action on similar disclaimer complaints. When a campaign staffer for Javits complained to the FEC, the agency proceeded to enforce the statute against the D'Amato campaign strictly. The end result was that D'Amato signed a conciliation agreement and paid a $250 fine.[54]

Another significant example of the quagmire the FEC is caught in because of political infighting is detailed in *Federal Election Commission* v. *Machinists Non-Partisan Political League (MNPL)*,[55] which involved a challenge to an investigatory subpoena of the FEC. In October 1979, the Carter-Mondale presidential campaign filed a complaint with the FEC alleging that various draft-Kennedy groups, formed under the auspices of the MNPL,[56] were violating certain provisions of the FECA.

In response to the complaint, the FEC issued a broadly sweeping subpoena seeking to obtain all communications between the MNPL and the draft-Kennedy groups and all documents relating to the decision by the MNPL and its committees to support or oppose any candidate seeking election to the presidency in 1980. The FEC also sought a list of all employees, officers, and volunteers.

The appellate court, in reviewing the challenge to the subpoena, noted that heightened judicial scrutiny was required because the subject matter of the subpoenaed materials represented "the very heart of the organism which the first amendment was intended to nurture and protect: political expression and association concerning federal elections and officeholding."[57] The court then went on to address the grave political implications that could result if the subpoena were granted:

52. Ibid.

53. Clay F. Richards and Gregory Gordon, "FEC under Attack: Nitpickers Persist," *Los Angeles Daily Journal*, 10 Sept. 1981.

54. Ibid.

55. See *Federal Election Commission* v. *Machinists Non-Partisan Political League*, 655 F.2d 380 (D.D.C. 1981), *cert. denied*, 454 U.S. 897 (1981).

56. Interestingly enough, the MNPL had supported Jimmy Carter for president in 1976, but it subsequently became disenchanted with his politics.

57. See *Federal Election Commission* v. *Machinists Non-Partisan Political League*, 655 F.2d, p. 388.

Then this federal agency, whose members are nominated by the President, demands *all* materials concerning communications among various groups whose alleged purpose was to defeat the President by encouraging a popular figure from within his party to run against him. As a final measure, the FEC demands a listing of every official, employee, staff member and volunteer of the group, along with their respective telephone numbers, without any limitation on when or to what extent those listed participated in any MNPL activities. The government thus becomes privy to knowledge concerning which of its citizens is a "volunteer" for a group trying to defeat the President at the polls. This information is of a fundamentally different constitutional character . . . since release of such information to the government carries with it a real potential for chilling the free exercise of political speech and association guarded by the first amendment.[58]

The court found that the commission lacked subject-matter jurisdiction over draft-group contributors and that the subpoena therefore was not valid.

Because of the administrative constraints it faces, as well as the charges, whether founded or unfounded, that the enforcement actions it takes are based on political considerations, the FEC needs to exercise more discretion in selecting which actions it chooses to pursue. Also, its general counsel's office needs to be given more independence to act without having to cater to the commissioners, including the ability to audit randomly. An ideal model is the general-counsel function at the National Labor Relations Board. Unfortunately, Congress is likely to be very wary of increasing its watchdog's enforcement powers.

Law by piecemeal—the advisory opinion. The advisory-opinion section of the FECA[59] allows the recipient or other individual similarly situated to rely on the advisory opinion as an absolute defense to prosecution. Thus, without the benefit of receiving adequate comment or even fully becoming aware of the implication of the opinion being issued, the FEC is making law, albeit piecemeal.

The best example of the flaw in the advisory-opinion process is the SunPAC advisory opinion, AO-1975-23. This advisory opinion is responsible for what can be described as a major and significant change in the financing of American elections. In this landmark opinion, the commission recognized that corporations and trade associations could establish political action committees, which could solicit their employees. This issue had never been considered, let alone addressed, under prior legislation. After publication of the request for an advisory opinion and a brief period for comment by interested persons, the commission adopted the SunPAC opinion by a four-to-two vote. Two commissioners vigorously objected to the opinion, noting that the opinion appeared to give corporations greater leeway than unions regarding solicitation for their political funds.

After the issuance of this opinion, the proverbial genie was out of the bottle, and an enormous growth in corporate and trade association political action committees occurred. Indeed, during the subsequent congressional debate over the 1976 amendments most of the debate centered on how to ensure a balance between labor and corporate

58. Ibid.

59. 2 U.S.C. § 437f.

interests, rather than on undoing what the advisory opinion had wrought.

Clearly, more thought should have been given by the commission to the far-ranging implications of the SunPAC advisory opinion. Instead, only a cursory period for comment was provided.[60] The FECA should be amended to require publication of advisory requests in the *Federal Register*, as well as a mandatory 30-day period of comment and response by the FEC to said comment, similar to the requirement for informal rule making under the Administrative Procedure Act.[61]

IN THE FINAL ANALYSIS, HOW GOOD IS THE FEC?

The FEC, in the final analysis, deserves a mixed review. It competently administers the public financing provisions and seems to function best during a presidential election, perhaps because its administrative staff and budget receive increases or are reallocated to cope with the demands. It is also excellent in providing disclosure of campaign financing, one of its principal missions.

During House and Senate elections, however, the FEC stumbles repeatedly in its attempt to keep the foxes out of the chicken coop and the chickens in. Some members of Congress plainly resent the agency created to regulate the financial aspect of the electoral process. Moreover, because of the problem of regulating independent expenditures, coupled with the proliferation of political action committees, it may be an impossible task to police congressional elections adequately, and it is surely an impossible task to police congressional elections by an inadequately funded agency.

The answer, however, is not to abolish the FEC, as some of its critics advocate. Rather, the FEC needs to have more independence from the stranglehold that Congress has on its internal processes. A far more independent general counsel, with greater powers, is needed. Finally, some method must be devised to get a handle on independent expenditures without infringing on important First Amendment guarantees. The Danforth bill,[62] proposing free air time for responding to political advertisements that are funded by independent expenditures, is a step in the right direction. Reforms in the FEC, along the lines I have mentioned, will go a long way in keeping the foxes out of the chicken coop—a goal this nation has been pursuing for over a century and should continue to pursue.

60. Subsequent to the SunPAC opinion, the commission changed its method of making public a request for an advisory opinion, as required by the act 2 U.S.C §437(c). Instead of publishing said requests in the *Federal Register*, it now only publishes notice of receipt of said requests in its monthly newsletter. Neither the act nor the commission's regulations require actual publication of advisory opinion requests.

61. See 5 U.S.C. § 553(b).

62. U.S., Congress, Senate, Clean Campaign Act, H.R. 2534, 99th Cong., 1st sess., 17 June 1985.

Putting on the Candidates: The Use of Television in Presidential Elections

By NEWTON N. MINOW and LEE M. MITCHELL

ABSTRACT: The next presidential election campaign on television is likely to feature many spot commercials for the candidates, short news clips of candidates in on-site appearances staged for television, unanswered addresses to the nation or news conferences by the incumbent, relatively limited opportunities for the principal candidates to address the electorate, and, until the last moment, uncertainty about whether the candidates will appear face-to-face in debates. This use of television in presidential campaigns may have negative effects, including unfairly favoring wealthy interests and incumbents, encouraging political factionalism, and placing pressures on broadcasters that threaten First Amendment principles. The public would be better served by permitting broadcasters to present the two leading candidates without having to provide equal time to all other candidates; by giving the principal candidates television time during the campaign to address the electorate; by the adoption of party rules requiring that candidates participate in televised presidential debates; and by encouraging the use of new communications technologies to provide additional political information to the voters.

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PRESIDENTIAL elections can be unpredictable, but presidential electioneering on television has fallen into a familiar pattern. Without changes in the use of television in presidential elections, its ability to inform and to involve the public in the most important of our elections will continue to be trivialized by a barrage of candidates' commercials, candidate-engineered news clips, special interest broadcasts, and quibbling over televised debate conditions.

CANDIDATES AS ADVERTISERS

If the pattern of past elections is followed, paid political advertising will be a prominent part of the next presidential election. The candidates will purchase as much television time as they can and will use it to present slickly produced advertisements for their candidacies. While there will be some program-length presentations, most of the air time purchased will be spots of 30 seconds or 60 seconds in length. As the campaign nears its conclusion, these television commercials will grow in number and will be broadcast with such increasing frequency that in areas where there also are congressional and state election contests, television viewers will be buried in a blizzard of candidates' commercials.

In the 1984 presidential election, President Reagan produced as many as 50 separate television commercials for the general election alone and his opponent, Walter Mondale, produced at least 20 commercials.[1] The Reagan commercials were created and produced by a staff whose earlier credits included commercials for Prego spaghetti sauce, Meow Mix cat food, and Gallo wine.[2] The Mondale staff had similar expertise. Not surprisingly, during the primary battles that preceded the general election, the already thin line between candidate advertising and consumer product advertising disappeared entirely when Walter Mondale adopted a slogan—Where's the Beef?—from a fast-food commercial as a campaign slogan. More of the same can be expected in future elections.

Candidate spots are the staple of election campaigning on television in part because television, and particularly network television, is a medium of scarcity. There are only 24 hours of television time in every broadcast day, only 3 hours in evening prime time, and only three major networks that regularly attract audiences in the tens of millions. Consequently, the limited amount of television time is in great demand; network executives want to use it to broadcast entertainment, sports, and news programs that will attract the largest possible audiences for advertisers, and advertisers are willing to pay a great deal for it to reach those audiences. Candidates who want television time, particularly on the networks and in prime time, are best able to get it, and to afford it, in 30- or 60-second pieces.

In 1971, Congress enacted the Campaign Communications Reform Act, which added section 312(a) to the Communications Act of 1934. That section provides that the Federal Communications Commission (FCC) may revoke the license of any broadcast station that fails "to allow reasonable access to or to permit purchase of reason-

1. *Public Opinion*, p 55 (Dec.-Jan. 1985).

2. *Washington Post*, national weekly ed., 5 Nov. 1984, p. 6.

able amounts of time" by a legally qualified candidate for a federal elective office.[3] As interpreted by the FCC, the provision requires that each broadcast station give or sell qualifying candidates a "reasonable" amount of broadcast time—both spot and program time—once the campaign has begun.[4] What is reasonable in any particular case and the time when a campaign has begun are determined in the first instance by the broadcast station; the FCC will interfere only if the station is demonstrated to have made these determinations unreasonably.[5]

In theory, the reasonable-access provision should permit any candidate who wishes to do so to obtain program-length time in place of or as a supplement to spot advertising time and should make it unnecessary for candidates to reduce their positions on issues to 30-second segments. In practice, however, impediments to longer presentations and more meaningful content remain. Although program-length time must be made available under the law, broadcasters may charge for it; because of its scarcity, program time is expensive, with network time priced at $300,000 or more for one half hour.[6] Moreover, candidates and stations often do not agree on what is reasonable, and an FCC hearing to decide the issue and related appeals can take longer than the campaign.[7]

In some cases, even when program-length broadcast time is available and affordable, a candidate will still prefer spot commercials. The spots use the most effective advertising techniques and can be produced in quantity, focused to deliver different messages to different audiences, and changed quickly in response to new public preference poll results. Since spots have become an accepted part of a political campaign, the public expects nothing better.

Candidates as news

When the candidates are not on television in their own commercials, they will be—or will be trying very hard to be—on the local or network news. It has been many years since the campaign trail was used primarily to come face-to-face with voters. The modern campaign trail leads by careful design to the maximum possible exposure on television news. The candidates determine where they will go and what they will do based upon what they think will be most attractive to a television editor and most likely to be broadcast as a clip on the evening news. A candidate may dash from state to state not to meet the voters in those states, but to create a news event within the largest television markets, usually a news event with an identifiable local backdrop.[8] If a television viewer

3. 47 U S.C. § 312(a)(7).

4. *The Law of Political Broadcasting and Cablecasting: A Political Primer*, 1984 ed. (Washington, DC: Federal Communications Commission, 1984); Irving Gastfreund and Erwin Krasnow, eds., *Political Broadcasting Handbook*, 2d ed. (Washington, DC: National Association of Broadcasters, 1984).

5. *Political Broadcast Catechism*, 10th ed. (Washington, DC: National Association of Broadcasters, 1984), pp. 62, 88, "Commission Policy in Enforcing Section 312(a)(7) of the Communications Act," 43 Radio Reg. 2d 1029 (1978).

6. Broadcasters are required to sell time to federal candidates at the "lowest unit rate" available to commercial advertisers. 47 U.S.C. § 315(b).

7. See, for example, *CBS, Inc.* v. *FCC*, 49 Radio Reg 2d 1191 (U.S. Sup. Ct. 1981).

8. Ronald Brownstein, "Public Seeing Campaign through Eye of TV Cameras," *National Journal*, 22 Sept. 1984, pp. 1752-57.

somehow missed the candidates' 30-second commercials, he or she is unlikely to miss a similar, and probably even briefer, glimpse of the candidates night after night on television news.

If in the next presidential election one of the candidates is an incumbent president, the campaign also is likely to be marked by the president's appearance on television to report to the people on a pending national issue. The appearance will probably be on all of the major television and cable television news networks simultaneously. Our presidents have learned to take advantage of the power of their office to call television cameras to a news conference or to request, and usually receive, valuable network television time to address the public.[9] In his first term, President Reagan made more than 15 televised speeches to the nation, virtually all of which were broadcast live by the American Broadcasting Company (ABC), Columbia Broadcasting System (CBS), National Broadcasting Company (NBC), Public Broadcasting Service (PBS), and Cable News Network (CNN).[10] As a Library of Congress study reported, this use of television "has been integral to the mass communications strategy of every president in recent times."[11]

The impact of equal time

Local stations and the television networks add their own election programming to the television exposure initiated by the candidates. Often, this programming attempts to deal with election issues or the candidates' personalities and character in more depth, and certainly in a more balanced way, than the candidates' spots or their engineered news appearances. It is likely to be outweighed, however, particularly in frequency, by the array of spots and news clips generated by the candidates.

One reason more broadcaster-produced election programming does not appear is section 315 of the communications act. This provision requires that when a station allows one candidate for an office to use its facilities—by giving or selling the candidate time—it must provide "equal opportunities" to all other qualified candidates for that office.[12] This requirement, known as the equal-time law, arose from the efforts of Congress to regulate broadcasting in the 1920s and 1930s and reflects an early concern about the potential of broadcasting to influence elections. By requiring broadcasters to treat all candidates the same, however, the law has had the effect of limiting programming about the principal candidates.

For example, if the voice or face of the Republican candidate for the presidency is used more than incidentally in a broadcast about presidential election issues or candidates, the broadcaster will be required by section 315 to provide equal time not only to the Democratic candidate, but also to every other candidate for that office, which can and usually does include a number of fringe or special interest candidates. The scarcity and value of broadcast time make it impracticable to provide equal time to all of these candidates. Not surprisingly, broadcasters tend to avoid or at least minimize this type of programming to

9. Newton N. Minow, John Bartlow Martin, and Lee M. Mitchell, *Presidential Television* (New York: Basic Books, 1973).

10. Denis Steven Rutkus, "President Reagan, the Opposition and Access to Network Airtime" (Report, Congressional Research Service, Library of Congress, 1984), app. A.

11. Ibid., p. 7.

12. 47 U.S.C. § 315.

avoid the impact of equal time. The public consequently loses a potentially valuable source of information about the principal candidates.

Section 315 has the same effect upon the sale or donation of time to the candidates beyond the limited reasonable time required by section 312. If 30 minutes is given to the Democratic and Republican candidates for the presidency, the same amount of time must be given to every other candidate for the office, including Vegetarian, Socialist, and Libertarian candidates and many others. This obviously is a disincentive to put candidates on the air any more than is absolutely required by the reasonable-access provision.

Presidential debates

The television centerpiece of the next presidential election could be a series of debates between the principal candidates broadcast live by the networks. Presidential television debates originated in the 1960 contest between John Kennedy and Richard Nixon when Congress suspended the equal-time law to relieve broadcasters of the need to give corresponding time to other candidates. The 1960 experience made it apparent that televised debates had the ability to focus the campaign, enhance voter interest, convey information about the candidates' positions, and provide some new insight into their character and personalities. Consequently, it was widely predicted that debates would become a fixed part of the process of electing a president. The predictions, however, ignored the fact that before there could be debates each of the two principal candidates would have to conclude that he or she had more to gain than to lose by participating, and in the 1964, 1968, and 1972 elections at least one of the candidates concluded otherwise. Congress's unwillingness to suspend section 315 in those years—encouraged by the political allies of the candidates who did not wish to debate—offered the candidates a convenient excuse.

In 1976, the FCC reinterpreted the equal-time provision to exclude candidate appearances on debates arranged by an independent sponsor. At the same time, political circumstances led candidates Jimmy Carter, a relative unknown at the time, and Gerald Ford, an appointed rather than elected incumbent, to agree to a series of televised debates. Once again, the debates captured the voters' attention and provided to a national audience of millions a great deal of information about the policies and character of the candidates. The Carter-Ford debates increased the public's expectation that debates would take place regularly, and they did occur in the next two presidential elections.[13] The debates have only been an ad hoc part of the electoral process, however, since they have depended upon the willingness and ability of a private organization, the League of Women Voters, to organize them and have been consistently jeopardized by the jockeying of the candidates for political advantage.

Candidates, their staffs, and their parties generally view debates much as they do television commercials or news shows—as techniques to be used or not used depending upon their assessment of the impact the use will have on their candidacies. If there is a handbook for

13. Lee M. Mitchell, *With the Nation Watching: Report of the Twentieth Century Fund Task Force on Televised Presidential Debates* (New York: Lexington Books, 1979); Joel Swerdlow, *Beyond Debate: A Paper on Televised Presidential Debates* (New York: Twentieth Century Fund, 1983).

candidates and campaign managers, it without doubt includes the admonition that if the candidate is well ahead of his or her opponent in the polls, the candidate—particularly if an incumbent—should stay out of sight and out of debates; if behind or unusually telegenic, the candidate must seek debates.

The public has been accepting of the use of television as part of the gamesmanship of elections in the past because this is how it has always been and because any preference for the use of television to benefit public understanding rather than candidate strategy has no organized constituency. Although the recent experience with debates will make it harder for future candidates to avoid them without the substantial risk of losing important votes, debates remain anything but a sure thing in 1988.

Television broadcasting is a unique communications medium. It can bring together audiences far greater than could assemble in any, or even all, of our public stadiums and auditoriums. It can and does reach into more homes than any of our newspapers and magazines. In some respects, television has become the national culture, cutting through age, economic, and geographic barriers to bring simultaneously to all of us experiences such as the first walk on the moon, the struggle for civil rights at Southern lunch counters, the agony of the Vietnam conflict, a government out of control in the Watergate hearings, the *Tonight Show* with Johnny Carson, and *Good Morning America* with David Hartman. It also has become the place where most people look for the information upon which they may base their political viewpoints and voting choices.[14]

FAULTS IN THE PRESENT SYSTEM

If a system were designed to use television to encourage voter participation and to provide the public with useful information about political issues and candidates, it would not be a system in which the most prevalent form of communication is the 30-second political commercial, followed closely by the 15-second news clip of candidates in made-for-television events. Nor would it be a system in which the talent of television professionals is used relatively infrequently to provide analysis and in-depth reporting of election issues. It also would not be a system in which televised presidential debates must depend upon the outcome of the quadrennial debate about debates among candidates, their advisors, and competing debate sponsors.

The way in which television has been used in presidential elections has a number of serious shortcomings.

First, the cost of television advertising can unfairly disadvantage some political interests and promote factionalization instead of consensus. Concern about the influence of money on candidates, growing use of television advertising, and a corresponding increase in the cost of campaigning led Congress to adopt a system of public financing for presidential elections in 1974.[15] Under this system, presidential candidates in the general election who agree to forgo private fund-raising and to limit their total campaign spending receive federal funds for their campaign. As a result, the two principal presidential candidates generally will have equal funding for their purchases of television time. How-

14. *Communications Daily*, 1 May 1984, *Editor & Publisher*, 13 Apr. 1985, p. 9; *Broadcasting*, 15 Apr. 1985, p. 140; ibid., 13 May 1985, p. 58.

15. 26 U.S.C. § 9001 et seq.

ever, the law does not limit expenditures by independent organizations or individuals to support or oppose a candidate.[16]

As long as costly commercial spots are perceived as a principal political battleground, presidential candidates with wealthy followers organized as independent groups will have an advantage. The candidates may have equal amounts of money to spend because they have accepted equal limits on their official campaign spending in return for financing by the government, but their supporters do not operate on the same level playing field. The 1974 effort to limit campaign spending simply shifted the spending battle from the candidates to the independent political action committees and organizations.

Similarly, a campaign that must be fought with paid commercials subjects candidates and the political process to dangerous pressures from single-issue factions able to raise and spend large sums of money to influence an election. Candidates must either try to appease these interest groups or accept the risk that the groups' paid television presentations will distort the election outcome. In such circumstances, elections no longer have the beneficial effect of forging coalitions and consensus; rather, they encourage single-issue factionalization.

Second, the present system puts so much pressure on our private system of broadcasting that it threatens First Amendment principles. As news coverage has become a principal part of the television campaign, the content of the news has come under increasing scrutiny by interests seeking to prove the existence of a media bias toward or against a candidate or political viewpoint.[17] Allegations that network anchorpersons demonstrate a bias in their description of campaign events or that the minutes and seconds devoted to one candidate are greater than those devoted to another place broadcasters under pressure to report on elections antiseptically or to minimize coverage.

The goal of fair and balanced news coverage of elections is quite appropriate. When, however, the importance of news coverage in a campaign is perceived to be so great that it warrants microscopic examination of the content of each news program for some sign of imbalance or bias, too much pressure is being placed on an activity not designed for the purpose. The key to a campaign should not be how the campaign or the candidates are perceived by a news organization or anchorperson, but rather how the candidates themselves and their positions are perceived directly by the public.

The situation becomes even worse when the search for news bias is taken up directly or indirectly by the government. When a member of Congress threatens congressional hearings into such allegations, or when the FCC considers such charges at the behest of proponents of a particular political viewpoint, there results a growing possibility that the content of the news will be influenced by this pressure. If so, the basic First Amendment value of a free and unfettered press has been compromised. An electoral system that puts this pressure on news reports during an election and risks this result clearly is not making the proper use of television.

16. 26 U.S.C. § 9012(f)(i); see *FEC* v. *National Conservative Political Action Committee*, 105 S. Ct. 1459 (1985).

17. See, for example, Michael J. Robinson, "The Media in Campaign '84," *Public Opinion* (Dec.-Jan. 1985); ibid. (Feb.-Mar. 1985).

Third, the present system unfairly favors incumbents over challengers. The ability of an incumbent president to command simultaneous network television before and during a campaign, with little equivalent opportunity for his or her opponent, gives the incumbent a powerful electoral weapon. Likewise, in the chase for news-clip exposure, the incumbent generally has the edge because whatever he or she does is more likely to be considered news. When debates are not assured, a well-known incumbent can prevent a lesser-known challenger from obtaining additional exposure by avoiding joint appearances.

The television advantage of incumbency can be and sometimes has been outweighed by other characteristics of a particular election. For example, Ronald Reagan's own media prominence—as a former actor and media commentator—and the state of the economy combined to overcome President Carter's incumbency advantage in 1980. When other things are generally equal, however, the television advantage could change the election result.

Fourth, the present system of heavy reliance on spots and brief news clips falls far short of providing the wealth of information of which television is capable. Although research has indicated that political commercials can increase viewers' knowledge about candidates, communicate a principal campaign point, and mobilize voter support, it is also true that they can and often do oversimplify difficult issues and reduce them to quick slogans, or so slickly package a candidate that weaknesses in the candidates' positions or character are obscured. Poor choices in selecting among presidential candidates will have much more severe consequences than poor choices in selecting among cat fo[illegible] brands.

REFORMS

These problems with the way te[illegible] vision has been used in president[illegible] campaigns have no single or quick sol[illegible] tion. Putting television to better use w[illegible] require that a number of steps be take[illegible]

Equal time

The equal-time requirement shou[illegible] be changed. Television simply cannot [illegible] used to inform voters adequately abo[illegible] the principal candidates for the pre[illegible] dency if all of the candidates must ha[illegible] equal time. The continued assurance [illegible] equality in the access accorded the pri[illegible] cipal candidates protects them and t[illegible] public from the possibility that tel[illegible] vision station owners could use th[illegible] stations to favor one candidate over t[illegible] other. It should be enough for the frin[illegible] and special interest candidates, ho[illegible] ever, to have a right to television ti[illegible] only if they have demonstrated the ex[illegible] tence of some basic level of interest [illegible] their candidacy among the electorate

Our political system is a two-pa[illegible] system. The candidates of the two p[illegible] ties should be treated equally by th[illegible] who control the airwaves. Other can[illegible] dates who have achieved a following [illegible] their actions between elections or [illegible] their campaigning in prior elections [illegible] who represent parties that have appeal to some substantial number of vot[illegible] through past efforts are dealt with fai[illegible] if they have some, but not necessar[illegible] equal, access. A position or a candid[illegible] capable of attracting voters can do [illegible] given this chance. Thus Congress sho[illegible] amend the equal-time law to creat[illegible] system of differential equality in whi[illegible]

the two principal candidates are treated equally, any other significant candidates receive some but not equal time, and fringe or special interest candidates receive less time and then only if they meet certain standards of minimum support.

The federal law that provides government funds to presidential candidates is an example of how differential equality can be achieved between major-party and minor-party candidates. The law defines a major party as one whose candidate for president in the preceding election received at least 25 percent of the popular vote; a minor party is one whose candidate received more than 5 percent but less than 25 percent of the popular vote; and a new party is one whose candidate received less than 5 percent of the vote.

Each major-party presidential candidate is eligible to receive the same specified amount of federal funding. In general, a minor-party candidate is eligible to receive a portion of this amount based upon the ratio of the minor party's vote in the last presidential election to the votes for the major parties. New-party candidates can become entitled to a similar payment based upon their performance in the current election.[18] Similar benchmarks could be used to provide absolute equality in television time between major candidates and a lesser but adequate amount of television exposure for other candidates.

Freed of the artificial strictures of equal time, broadcasters would, it is hoped, increase their efforts to present in-depth coverage of presidential candidates and campaigns. They also would be able to provide the principal candidates with additional air time to present their candidacies themselves.

Program-length time

Program-length time should be provided for the principal presidential candidates on all television networks simultaneously. This allocation should be stipulated by law. The principal candidates would receive 30-minute segments of time to make their case to the voters at least twice during the campaign. This television time could be used by the candidates as they wished, with the sole restriction that they appear live. The candidates could make a traditional speech, introduce their supporters, advisors, or proposed appointees, create their own panel show, or choose some other format. The candidates' segments presumably would appear back-to-back in order to permit the public to make ready comparisons.

Other countries often follow procedures that assure the candidates for their highest office of specific opportunities to use television to address the voters during election campaigns. In Britain, for example, the parties are given free broadcast time during campaigns; the amount of time depends upon the number of parliamentary seats won in the prior election and the number of candidates put forward in the current election. In the United States, where virtually every home has a television set and usually more than one, where television is the principal and most credible source of news, and where citizens come together by the millions for television events, our presidential candidates should have available to them specific television time to appeal to the voters.

18. Presidential Election Campaign Fund Act, 26 U.S.C §§ 9002-4; 11 C.F.R. §§ 9002-4.

The existing system of government funding for presidential campaigns could serve as a means of providing television time for the candidates. The time could be purchased from the networks with a portion of the federal funds that are already being allocated to the candidates. A substantial portion of those funds is now being spent on television advertising, at least some of which might then be found unnecessary.

Candidate debates

Televised debates between the principal candidates for the presidency should be made a part of every presidential election. The principal reason that televised presidential debates have not become an assured part of our electoral system is that candidates continue to view them not as an obligation to the electorate but as a campaign stratagem. Perhaps the best way to solve this problem is for the two principal political parties to adopt the position that henceforth debates will be a fixed part of the campaign and that whomever they nominate will be expected to participate. The parties could then turn to an independent sponsor, such as the League of Women Voters, to organize and conduct the debates. The presence of an independent sponsor should make it easier to resolve the many practical issues that must be decided—such as debate scheduling and formats—in producing debates that are as useful as possible to the electorate.

In late 1985, the chairmen of the Democratic and Republican parties indicated their intention to have the two parties sponsor presidential debates in 1988. This was an encouraging first step toward adopting debates by party rule and requiring every nominee to participate. Not only would such action by the parties contribute to a more informed electorate, but it also would be good for the parties themselves. By giving candidates and elected officials direct access to the electorate, television reduced the party role and weakened the party system. As party influence has waned, the parties have had increasing difficulty in enforcing party discipline and, consequently, in enforcing the compromises of which consensus is made. This, in turn, has reduced the effectiveness of the legislative process and in effect has abrogated much of the legislature's powers, transferring them to the executive branch. Although the parties' playing some role in televised presidential debates will not be a miracle cure for these problems, it will help move the parties toward a more contemporary role in a television age.

New technology

We need to encourage experimentation with the use of new communications technologies to inform the electorate. Network television produces the largest audiences of any communications medium. Since one principal goal of political campaigning is to reach the greatest number of prospective voters, network television is the preferred medium and the medium most important to any effort to inform the public. Increasingly, however, technological and regulatory changes have led to the availability of other communications methods that, if properly used, can supplement the role of broadcast television and bring additional information to the electorate.

Cable television is now well established in many communities and, in fact, serves more than half of the television

households in the country. CNN has a potential audience of more than 32 million cable subscribers and qualifies as one of the television networks.

Because cable television is able to provide numerous video channels through a single wire, it is free of the limitations of the broadcast spectrum. With a large number of channels, television is no longer a medium of scarcity where political information must compete with entertainment, sports, and advertising for a limited amount of time; rather it becomes a medium able to devote substantial portions of time to particular topics or to narrow viewer interests. One example of this change is the cable service Cable Satellite Public Affairs Network (C-SPAN). C-SPAN makes the entire proceedings of the U.S. House of Representatives and related information about government available to more than 21 million cable subscribers.

The new wealth in television channels that cable brings makes it possible to devote an entire cable channel to the electoral process, much as C-SPAN devotes an entire channel to the legislative process. For example, the political parties might develop their own cable channel to transmit programming about their candidates and positions, or an organization such as the League of Women Voters might do the same. Although such a channel would not command the same audience as the broadcast networks, it would make election information available to any cable subscriber who wished to learn more than what was available from other sources. Polls indicate that cable subscribers are more likely to vote, to work in a campaign, and to be political fund-raisers than nonsubscribers.[19]

Cable also makes available numerous local channels in each community served by a cable system. Many of these channels are rarely used and could be converted during elections into local election channels. Local or regional channels—comprising interconnected local channels—would provide candidates with an opportunity to present programming about their views on issues of local or regional concern. Although a political communications system that encouraged different messages to different local or regional constituencies would be potentially divisive, cable could be properly used to supplement the type of national television campaign discussed earlier.

Other communications technologies offer similar opportunities. New low-power television stations, often located in rural communities that before had no local station, can provide another outlet for the presentation of candidate positions on issues of local or regional concern. Videotext systems, which offer users a connection to vast computer data bases, can give citizens who wish to seek it out a complete text of the party platforms, candidate position papers, past voting records, and an almost infinite array of other campaign information. Technology now also allows candidates to hold video meetings in numerous communities simultaneously by projecting their appearance—and even questions from each audience—into meeting halls or theaters by satellite relay facilities.[20]

19. *Communications Daily*, 31 Jan. 1984.

20. According to Walter Mondale's campaign manager, whose candidate used satellite hookups to appear at meetings with campaign supporters: "If the name of the game is to be seen by as many people as possible, you can be seen by a helluva lot more people with a satellite at 28,000 miles than you can from a bus at 60 miles per hour. It's going

Between elections

Between presidential elections, television time should be made available for a series of national debates. Political information may saturate the airwaves during campaign periods, but it quickly disappears as soon as the post-election analysis broadcast ends. Political issues, of course, remain and, in fact, often become the issues that determine decisions of national concern. The important role of television in creating an informed electorate should not end when the campaign ends.

Between elections, the newly elected president dominates, or has the ability to dominate, the presentation of national issues. The importance and single-person focus of the presidential office, and the president's access to television time through news conference appearances and nationally televised addresses to the nation, create a communications capability well beyond that of any opposition leader. Members of the opposition party or members of Congress who oppose presidential positions can be found on television, but never with the regularity or simultaneous network exposure available to the president. As a result, the president and executive branch of the government can dominate the national agenda and national decision making to an extent never contemplated by our Constitution.

The potential political and governmental imbalance created by the president's unique access to television could be corrected somewhat by a series of live, televised debates—*The National Debates*—between representatives of the two major parties quarterly in non-election years. The parties presumably would choose their most effective leaders to participate, and provision might be made for the use of video material or for other formats that would enhance viewer interest. If properly planned and promoted, *The National Debates* could become the focal point for discussion of major national policies by some of the country's most eloquent and persuasive speakers. As such, it is likely that the events would be broadcast willingly by the television networks and reach a large audience.

A series of major political broadcasts between elections would pick up where an improved system of electoral broadcasting leaves off. The public would have access to the principal arguments of the principal national political figures, would be better informed about national issues, and would be better able to understand the issues and participate actively in the next presidential campaign.

The Republic no doubt will survive if spot advertising and news clips remain the principal use of television in elections, if major candidates appear rarely in other formats because fringe candidates must get equal time, if televised face-to-face debates between the candidates depend upon the campaign strategies of the candidates rather than the public interest, and if the president dominates televised political discussion between elections. But we will be wasting the valuable resource of television by not making full use of its enormous ability to provide information about election issues and involve the public in the electoral process.

It is not hard to do better.

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to be the wave of the future in presidential politics." *Washington Journalism Review*, p. 50 (June 1985).

ANNALS, *AAPSS*, 486, July 1986

Campaign Finance: The System We Have

By MICHAEL BARONE

ABSTRACT: The United States has developed a hybrid system of campaign finance regulation, with rules custom-crafted for different political situations and with unanticipated loopholes that need plugging. The largest loophole is soft money. The public financing systems enacted for presidential contests and for New Jersey's and Michigan's gubernatorial elections cannot easily be adapted to cover the various kinds of congressional elections. Although our current system is complex and has some obvious defects, it is generally defensible.

Michael Barone was graduated from Harvard College in 1966 and Yale Law School in 1969. He was an editor of the Harvard Crimson *and the* Yale Law Journal. *He served as law clerk to Judge Wade McCree of the U.S. Court of Appeals for the Sixth Circuit and worked as a pollster and political consultant for Peter D. Hart Research Associates. Since 1982, he has been a member of the editorial-page staff of the* Washington Post, *writing editorials and columns. He has been coauthor of editions of* The Almanac of American Politics *since 1972.*

THE system of campaign finance law that has evolved in the United States over the last dozen or so years is different from what anyone anticipated or intended in two important respects. First, it is a system the rules of which have been custom-crafted for particular kinds of political races in particular jurisdictions. The tendency to custom-craft is even more pronounced in the proposals for change that have some serious chance of passage. The second way in which the system has changed in ways no one anticipated is that the biggest loopholes that have appeared—most notably the use of soft money—raise issues that everyone thought were long ago settled and allow abuses no one thought were any longer possible.

Let us look first at the way the system has become custom-crafted. Consider public financing of elections. Two forms of public financing are used in presidential elections—matching funds in the primaries, public funding in the general. A different form of public financing exists in the race for governor of New Jersey. There is another, similar system for the gubernatorial race in Michigan. I am told that the Los Angeles city council has enacted a public financing system for itself.

What there conspicuously is not is a public finance system for all congressional elections. Many backers of the 1971 federal legislation hoped that presidential public financing would lead, in time, to public financing of congressional races. Instead, the system became carefully adjusted to the requirements of presidential races. For the most part it works well. It weeds out nuisance candidates and provides tolerable levels of financing for serious candidates, it relieves general election candidates from spending half their time raising money; it allows incumbent administrations to avoid the spectacle of shaking down those dependent on government favor for campaign dollars. But there is no way to adapt this system easily to the very different politics of congressional races.

Nor are the admirable New Jersey and Michigan systems going to be a model for national change. In New Jersey, where the governor is the only elected official and appoints the attorney general and all county prosecutors, the nomination used to be the gift of sometimes not-so-honest county party bosses. The low visibility level of local politics in a state in which most of the media comes from New York City and Philadelphia meant that these candidates did not always get all the scrutiny they deserved from voters. New Jersey's rather generous public financing—though eroded somewhat by inflation—has given the state competent and honest competitors in both parties and has made state politics more visible. In Michigan, public financing has also made for serious competition and has freed the Republicans and Democrats from their historical overreliance on business and labor, respectively.

These systems, however, were each carefully created for particular political contests. How is a public financing system set up that will work fairly and usefully in 50 states and 435 congressional districts? The answer may turn out to be that it cannot be. Consider some of the practical problems. The cost of campaigning varies widely by state and district, not only because of their size, but because of television time-buying requirements. New Jersey, for example, is the second most expensive television state, after California, though it is number nine in population. The

focus of competition varies also. In many congressional and some Senate races—which ones depends more on the incumbent's strength than on the state's political leanings—the real contest is in one party's primary. Other seats in Congress—a majority in any given election year—are not contested seriously. How does a public financing system handle such divergent cases? With difficulty—or not at all, since legislators fearing one problem or another gang up and kill any measure.

Some of the current proposals would provide more piecemeal reform. Senators Mathias and Simon push for public financing of Senate races, leaving the House entirely alone and not touching Senate primaries either. The Democratic Study Group endorses a $100 tax credit for congressional campaigns, but only for contributions to House candidates in the taxpayer's home state. Senator Boren would limit the total amount of money any candidate could accept from political action committees, but he would not otherwise limit contributions. And so on.

There is something to be said for custom-crafted campaign finance law. It is harder, I suppose, than a comprehensive system for the public to understand, harder even for professional politicians to keep track of. But already there is a gaggle of professional campaign finance experts that candidates can hire; the free market will provide. What the public expects is a process that is fair, that requires basic disclosure of finances, that enables candidates to raise money honestly and spend enough to get their messages across. In a nation with such widely divergent political traditions and continuingly divergent political practices, custom crafting may make more sense than trying to get everyone into the same procrustean bed.

One consequence of custom crafting, though, is that campaign finance regulation is, like New York City, never really finished; someone is always tearing something else down in one place and putting a couple of buildings up in another. But that, I think, is true whether we have custom crafting or not, as is apparent with respect to the problem of loopholes. To change the metaphor, writing campaign finance law is Sisyphus's work. Every so often that stone will have to be rolled up the hill again. The difference is that, unlike Sisyphus, campaign finance reformers can improve things for a considerable period of time; if they do their work well enough, the stone will stay at the top of the hill for a decade or two.

Consider the problem of soft money, which I think is the chief fault of our system today. Soft money is defined as contributions made to state or local political parties that are legal under state law, but would not be legal under federal law, and that can be used for federal campaign purposes. They include money over federal contribution limits and contributions by corporations and labor unions, and they need only be disclosed as required by state law.

Soft money was explicitly legalized in 1979; Congress wanted to encourage state party-building activities, and soft money has probably done that. But in practice the law is used to evade the fundamentals of federal campaign finance law. Both national parties have now set up soft money accounts, for which they solicit and receive large contributions from individuals—on the order of $100,000—corporations, and unions. Funds are then disbursed to state parties in accordance with formulas that reflect the state parties' eligibility under state law to receive each particular form of

contribution; state parties tend to spend money on projects that directly aid the presidential campaign or, occasionally, a senatorial campaign. But—here is the nice part—there is no requirement of disclosure by the national parties of who gives money to the fund. A trip to a state capital—for instance, Harrisburg, Pennsylvania or Springfield, Illinois—allows one to discover that perhaps $1000 or so was donated by a person in California. But hidden will remain what the proprietors of the national party's soft-money fund know: that the donor in California gave them a check for $100,000. In other words, those who receive the benefit of the money know where it came from, but the public is effectively barred from finding out. A person cannot give $1000 directly to a presidential candidate without getting his or her name in the papers, but a person can give $100,000 to a soft-money fund and never have that contribution disclosed save in the most fragmentary way.

Obviously this is a loophole that cries out for plugging. Very likely this Congress or the next will act. It should be noted, however, that the problem rose out of the natural operation of the system. There is a lot of money out there waiting to flow into campaigns, and when there is a single hole in the dike it is not long before the money starts gushing through. With all that hydraulic pressure, there is a great premium on finding a loophole, on testing it out for an election cycle or so to make sure there is no problem, and then on using it in a major way. That is what is happening now with soft money.

Ironically, the system of campaign finance law—any system of campaign finance law that seeks to limit contributions—creates such a pressure. It cannot be avoided; it is inherent in the process, so long as people want candidates to be elected badly enough to spend money on their campaigns. Even a total public financing system does not eliminate the problem, since *Buckley* v. *Valeo* allows independent campaign spending as protected First Amendment activity; there was some pretty extensive—and in some cases dubiously independent—spending in the last presidential campaign. It has taken some time for the soft-money loophole to get really large; it will take somewhat more to get it filled. It will not be the last loophole in our custom-crafted campaign-finance system.

There may come a day when our campaign finance system seems so encrusted with exceptions, special cases, partial loopholes, and local options that it will seem as mindless and indefensible as the diverse laws and taxes in ancien régime France. But I think it is possible to defend, with some vigor, the already quite diverse system we have today. If it tends to help some House incumbents avoid serious competition, it for the most part allows serious candidates to raise enough money to be competitive; if it allows now some evasion of disclosure requirements, it places limits on the influence of those rich enough to contribute huge sums of money to candidates. No system is going to erode completely the advantage enjoyed by those with great wealth or political adeptness. Our current system tends to scale down their edge and yet allows pretty vigorous competition. I can think of lots of ways I would change the system if I could sit down and rewrite all the laws and regulations myself, and I can think of some egregious problems with it—soft money is number one—that need fixing immediately. But for all that, over the last dozen or so years we have evolved, almost

willy-nilly, a system that works tolerably well and, with some patching, that can work tolerably well for some time to come.

Book Department

INTERNATIONAL RELATIONS AND POLITICS

CLARKSON, STEPHEN. *Canada and the Reagan Challenge.* Pp. xv, 383. Toronto: James Lorimer, 1982. No price.

Clarkson champions the nationalist approach to stable integration in Canada, contending that such stability peaks at the national rather than provincial or continental level of analysis. Nor is this contention limited to one dimension; economic, cultural, and political integration all must be national in scale. Ergo, Ottawa, like so many Third World regimes, must boldly Canadianize its cultural media, economic resources, and political authority—even if that means redefining its special relationship to America. Hence, despite strong macro forces contrarily favoring provincial and continental integration, strategic micro decisions from Ottawa should pursue the nationalist alternative.

One of Clarkson's apparent strengths lies in stressing multiple dimensions of integration—for example, a Canada-centric economy synergistically requires a Canada-centric culture. This proves more radical, hence more conflictual, with Washington now, but more successful than one-dimensional approaches and less conflictual over time. Alas, while Canada's resources can sustain a national economy and its constitution can sustain a national polity, what sustains a truly national culture? Indeed, within-group—interprovince—variance exceeds between-group—international—variance on this dimension: culturally, Canada is nearly America's fifty-first state. Canada may thus become historic Poland's obverse: the state without a nation.

Another apparent asset is Clarkson's heroic stress on David-like decisions over nine major issues, from acid rain to capital flow, to counter Goliath-like forces favoring subnational or supranational integration—in other words, Balkanization or Americanization. Reinforcing such decisions are Canada's various alternative alliance partners and America's various alternative access points besides Reagan's White House. But can David really counter those global crises in arms, resources, capital, and other arenas that scare provincial premiers and America's president alike into power grabs that frustrate Canadianization? Tragically, the very global crises prompting Ottawa's problem may preclude its capacity to solve it.

Clarkson's third phantom asset is his

book's timing. It coincides with America-firster Ronald Reagan's election and Ottawa's National Energy Program, which respectively dramatize Canadianization's urgency and feasibility. Surely, middle-level powers like Canada should use timing to compensate for scarce capabilities when encountering superpowers. Yet the very events used—elections, programs—the dramatizing effects of which spark Canadianizers, appear mercurial whereas Canadianization is glacial—2000 is Clarkson's earliest target date for its achievement. Sadly, more than a fortuitous cosmic soup of mutually reinforcing but fleeting events is needed not just to spark, but to sustain, the momentum toward Canada's nationhood.

Clarkson's true import is partly his *realpolitik* rationale for nationhood. America needs a strong Canada, even if that Canada is independent rather than weak and dependent. Canada is both a geostrategic buffer between East and West and a diplomatic broker between North and South. Thus, like India in 1947, Canada's movement today is urged more by its external position than by its internal potential for national integration. Accordingly, America should not only tolerate but strengthen Canadianization—which is not, after all, Finlandization. Indeed, in international as in national society it is strengthened middle powers like Canada that promote stability and hence American interests.

Clarkson's other genuine import is to illumine not just Canada's problem of national integration but America's problem of national—as against fragmented—foreign policy despite broadly consensual landslide elections like 1980. Even allowing for his possible bias as a University of Toronto political economist, Clarkson fully documents the United States' poor integration in hemispheric foreign policy. Americans have overlearned James Madison's thesis linking responsible government with fragmented authority, at the cost of fragmented policies and resulting ill will abroad. Unlike Britain, the United States just cannot reconcile a pluralist society with a unitary polity. For a superpower, such irreconcilability is dangerous.

On balance, Clarkson's ambitious study—based on interviews with 200 American and Canadian officials—is better at prognosis than diagnosis of developments in Canada. Such prognosis affords a needed early-warning system given Canada's tranquility, similarity, and hence invisibility to Americans. But Clarkson's prognosis of nationalism is for the near term and not the long term if technological advances accelerate physical mobility and so erode territorial identity, which is the taproot of total national communities. Indeed, today's total community may, in the long term, be supplanted by partial, overlapping communities at differing levels of analysis. But until then, read Clarkson—if only because Canada is literally all that stands between today's superpowers.

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KEGLEY, CHARLES W., Jr. and EUGENE R. WITTKOPF, eds. *The Nuclear Reader: Strategy, Weapons, War*. Pp. xx, 332. New York: St. Martin's, 1985. Paperbound, $10.95.

HUDSON, GEORGE E. and JOSEPH KRUZEL, eds. *American Defense Annual 1985-1986*. Pp. xix, 277. Lexington, MA: Lexington Books; Columbus: Ohio State University, Mershon Center, 1985. Paperbound, $13.95.

International defense issues revolve around both nuclear and conventional weapons, with the latter now encroaching on the gray area in between. Affecting these issues are complex political developments and technological change, which breed public debate from clouded premises. It is improbable that a single voice can cover all significant dimensions of the field. Thus a realistic alternative is to study particular aspects or use sector specialists. American security direc-

tion, tied to the international, requires a compass of analysts delimiting possibilities and showing merits or defects in selected courses.

The two cited volumes are leaders of their kind in our period. The first, edited by Kegley and Wittkopf and including their own contributions, through the views of experts discusses war, strategy, and weapons from nuclear global and domestic perspectives. Many articles are republished, being chosen for their relevance. The second volume, shaped by Hudson and Kruzel, with articles by them as well as other leading specialists, is the first of an annual critical review of the Mershon Center at Ohio State University of major U.S. defense policies and issues. Both books group stimulating experts to give focused treatments of global and national security themes.

Starting with the *Reader* and its generalized outlook, we see weapons appraisals by the Harvard Nuclear Study Group of the East-West nuclear balance and scenarios for nuclear war. These last have a plausible spectrum of possibilities, requiring unremitting care in action by the two cautious superpowers. Daily the United States dwells on the opportunistic Soviet record, while the USSR deeply mistrusts America as highly erratic, hence dangerous.

The objectives and means of nuclear war receive searching scrutiny. Reprinted is the Catholic bishops' statement against nuclear war and the subjecting of those near significant military targets to "indirect" attack. Albert Wohlstetter strongly criticizes this position and alleges that the bishops explicitly abandon a nuclear threat while implicitly relying on it. Kattenburg defends mutual assured destruction as moral, deeming as valid the no-missile defense strategy with its current prospect of population and industrial destruction rather than Wohlstetter's advocacy of attacking nuclear and military resources. Others call a nuclear freeze irrelevant, a nuclear build-down practical and desirable, and new conventional weapons capable, possibly, of leaping the nuclear firebreak. In nuclear war, as exchanges become uncontrollable, governments could not be protected, while the well-known effects of electromagnetic pulses from explosions would paralyze economic life. So devastating are the weapons, Desmond Ball convincingly states, that after 50-100 warheads targeted key U.S. facilities, dual American civil-military command controls would give incoherent direction to strategic forces.

The Annual's articles, looking at present American defense, complement the *Reader*. A security debate between the opposite poles of Van Cleave and Ravenal has the former asserting that all U.S. commitments—left undefined—must be pursued, while the latter takes a neo-isolationist position. Again, extremes seem to be no answer. Demands on U.S. power and resources, say others, challenge a laggard North Atlantic Treaty Organization and Japan to ease America's financial burden in order to permit strategic shifts. This familiar argument has equity and common interests to support it.

The Pentagon's handling of programs and forces suffers from differing service objectives and unclear lines of responsibility. The role of the Joint Chiefs of Staff's chairman is ambiguous, and our top military suffers from confused cross-service aims. Philip Odeen is not the first to attribute Congress's "micromanagement"—of foreign policy as well as domestic—to its outsized staff increases. In a readable essay, however, he combines proposals for general reform. He would base defense planning and resource allotments, including costs and delivery schedules, on vital interests and objectives. Otherwise, forces will continue unbalanced and unsuited for joint operations. Importantly, "we need a rigorous process of weapons program infanticide." The chairman of the Joint Chiefs of Staff would be the prime military adviser, control an improved Joint Staff, and ensure policy-responsive crisis planning. Theater commanders, too—in peace and crisis—would control their joint staffs and the readiness funds of their service components to ensure effective planning. Major defense missions

would be the planning and resources priority of the defense policy under secretary. Congress would cooperate with a two-year budget cycle, combining a single program-budget review and decision process.

The two books outline the superpower recriminations over violated treaty limits. However, the presented evidence of Soviet evasion and stretching in missile defense is plausible. The United States has no operational ballistic missile defense (BMD), but the USSR has such advanced programs as the massive potential battle radar station at Krasnoyarsk and over 10,000 surface-to-air-missile launchers. Accumulating evidence of a systematic Soviet BMD program could even presage an eventual breakout from the first Strategic Arms Limitation Talks (SALT I) treaty.

U.S. defensive gaps were a backdrop to President Reagan's Strategic Defense Initiative (SDI). His sweeping research call was for a national shield against nuclear attack, which opponents have termed scientific and financial fantasy. Program defenders rise to claim that missile accuracy and mobility have made mutual assured destruction and its absence of BMD highly suspect. A confused public admits deterrence to be effective hitherto, but regards it as unattractive in principle. Even if the United States, at some stage in the president's ongoing proposal, scraps the Anti-Ballistic Missile Treaty, Albert Carnesale in the *Annual* warns that it could not match in any near future the Soviet deployable, varied missile defense. For SALT I to endure, he proposes countering the Soviet BMD-oriented programs with a vigorous drive for penetration aids.

Certainly SDI has Soviet attention, for the president has persisted with the program and its salient ingredient of nonnuclear defensive weaponry. As writers indicate in both volumes, Moscow fears that breakthroughs could devalue their offensive nuclear missiles and that they could not match our nonnuclear technology. Some, seeing that the militarization of space is under way with the Soviets having the first steps, think SDI can energize diplomacy with Moscow, but others would not curtail the initial program in any early negotiation. It seems from press reports that Premier Gorbachev, reading the signs, has gone from intransigence to apparent acceptance of limited American research but not testing.

As an SDI way station, qualified writers in both books assert that a limited, credible BMD of critical military targets such as silos for intercontinental ballistic missiles, bomber bases, and command and control facilities would be technically feasible by the 1990s. This BMD would be at affordable cost and would be consistent with a deterrent strategy, for it would increase the survival of retaliatory forces. This believable and important contribution of both volumes, combined with their amplitude and informed reasoning on other themes, makes them essential reading for the national security professional and the tyro as well.

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SAMPSON, GEOFFREY. *An End to Allegiance: Individual Freedom and the New Politics*. Pp. 253. New York: Universe Books, 1984. $17.50.

Gertrude Stein's observation that "a rose is a rose is a rose" could be applied to ideologies as "a liberal is a liberal is a liberal." But is that liberal actually a socialist, a liberal democrat, or a capitalist? Since the labels "communist" and "fascist" are tainted by association, even extremists of the Left and Right might ask to be called liberals.

Noticeably dissatisfied with British socialism—for example, the National Health Service "depersonalizes the patient," and harassment by the Inland Revenue "can drive taxpayers to breakdown"—Geoffrey Sampson advocates libertarianism. His ideology, to the right of center on the spectrum, attacks collectivist planning, as N. K. O'Sullivan refers to a major tenet of conser-

vatism. It is similar to French doctrines of laissez-faire, as supported by the Physiocrats, and poujadism, and sought during the Fourth Republic and used more broadly by Mark Hagopian.

Quoting Gordon Tullock on bureaucrats—they "are as self-seeking as businessmen"—Sampson asks us to protect our opportunities for choice so that we can "experiment with different conceptions of the good life." He is comfortable with James Buchanan's view in *The Limits of Liberty* that individual freedom should become the overriding objective of social policy.

As a University of Leeds linguist, Sampson carefully distinguishes his position from David Friedman's anarchocapitalism or Murray Rothbard's concern about encroaching statism so strongly that he looks at children as free agents. Sampson rejects Friedmanland and Rothbardland; the tastes of individual anarchists, as Leon Baradat would refer to them, are not his cup of tea.

One must read William Galston's "Defending Liberalism" to put Sampson's classical liberal, capitalist stance into perspective; individual responsibility does not characterize libertarian ideas alone. If "the questions make you human," Sampson has done a provocative job. Should he now consider moving to California to experience the quintessential libertarian state?

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VAN DYKE, VERNON. *Human Rights, Ethnicity and Discrimination*. Pp. xii, 259. Westport, CT: Greenwood Press, 1985. $35.00.

Human Rights, Ethnicity and Discrimination is obviously the work of a mature and seasoned scholar. In this book, Vernon Van Dyke, professor emeritus of political science at the University of Iowa, has attempted to deal with one of the knottiest problems in American society—how to maintain individual rights while at the same time providing compensatory help to those who have been historically discriminated against in this country. Van Dyke's approach is unique in that he only comes to this problem after having analyzed other societies divided by race, religion, or language such as Belgium, India, Fiji, Malaysia, and South Africa. He demonstrates convincingly that many nations, deeply divided by questions of ethnicity or language, have, in effect, given differential and preferential treatment to minority groups within their societies. Van Dyke feels that such policies are justified if the net effect is to promote the equal enjoyment of human rights throughout the society. Van Dyke ranges in depth over many of these problems, and it is a delight to see an intelligent and informed mind, steeped in the literature, grapple with the problems that beset so many societies today. And he takes care to present carefully the case of those who disagree with him.

The two best chapters in the book deal with the United States and South Africa. Having earlier examined other societies, Van Dyke has managed to place the ethnic divisions of the United States and South Africa into historical and cultural context. In the American chapter, Van Dyke challenges neoconservative views on affirmative action and instead argues that a one-tracked insistence on individualism and majority rule means that the larger community—whites, that is—will be able to make the government their tool and use it to oppress and exploit blacks. Certainly, this was historically the case in the United States. The chapter on American society also contains good discussions of the *Bakke* and *Weber* cases. The discussion on South Africa is likewise well done and informative.

The book is a bit overlong, and at times it is repetitive. And one wonders why Van Dyke left his brilliant analysis of traditional liberal thought to the last chapter when it would have made a fine introduction. These are minor objections, however. The book is

well worth reading for anyone interested in an informed and broad survey of the problems involved in balancing the rights of majorities and ethnic minorities in modern societies.

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AFRICA, ASIA, AND LATIN AMERICA

BANERJEE, SANJOY. *Dominant Classes and the State in Development: Theory and the Case of India*. Pp. xi, 116. Boulder, CO: Westview Press, 1984. $13.95.

BENNER, JEFFREY. *The Indian Foreign Policy Bureaucracy*. Pp. xiv, 305. Boulder, CO: Westview Press, 1985. $19.50.

The first of these two books, each published in the Westview Replica Edition series, is one in which excessive behaviorism is blended with quite good descriptions, first, of the emphasis in planning during Nehru's administration on the heavy industry sector of India's economy and, second, of the switch under Shastri to the agricultural sector. Banerjee's theoretical base accompanied by his requisite review of the literature—as this is a published version of a Ph.D. dissertation—is overly jargonistic and of little value to the reader familiar with India. When he purges himself, not entirely, of this liturgical display of his diligence, he describes with improving clarity the coalitions that supported the basic industry approach of India's first prime minister. He notes the enormous growth, for example, of the public sector corporations (see the chart on page 62) at the expense of private sector enterprises. He adds that the support group included the brains of the Planning Commission, who were in general agreement with Nehru and followed his lead while opponents, such as the later prime minister, Charan Singh, who favored agricultural development, had no political clout at the time. The support shifted to agriculture under Lal Bahadur Shastri as his entry into the head-of-government role coincided with the most dismal period of food production in India's post-independence history. If one can take the jargon that dominates the first part of the book and permeates the remainder, there is much of value in this work for those who wish to learn more of India's economic development. As a last comment, Westview should avoid the typescript used here in future works; it is difficult to read with *i* and *l* appearing as the same letter.

The Benner work also shuttles between jargon and description, although the latter tends to be pedestrian and is often confusing as Benner jumps back and forth between time periods. There is a valuable historical introduction that explains the pre-independence role of the government of India in foreign and political affairs and the reliance by Nehru after independence on Indian Civil Service officers such as Bajpai and Menon. The closing chapter is a well-integrated discussion of the relationship between the prime ministers and foreign ministers and the career officers of the Ministry of External Affairs (MEA). In between are chapters devoted to the structure of the ministry and of the functional parts of MEA, none of which will add significantly to the knowledge of those who have worked with that ministry. All of this is done within the framework of neoreductionism, developed by Benner and explained in an appendix. Benner appears to be one who is devoted to his model but who has little familiarity with the Indian scene about which he writes. For example, the Soviets will be surprised to learn that they supplied aircraft to the Pakistanis; Uma Shankar Bajpai to be separated from his father, G.S., and brother, K. S.; and B. K. Nehru to find that he was chief minister—rather than governor—of Jammu and Kashmir. Nonetheless, the book is valuable and adds insights to the study of Indian foreign policy however

much it suffers from an excess of jargon and the resultant poor style.

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CALLAGHY, THOMAS M. *The State-Society Struggle: Zaire in Comparative Perspective*. Pp. xviii, 515. New York: Columbia University Press, 1984. $45.00.

This work focuses on issues that are the source of considerable scholarly contention, namely, the issues raised by the response of the state in Africa to the demands of groups and classes within the society encompassed by its geographical boundaries. In this instance, Zaire under Mobutu Sese Seko forms the material for a case study, and on the whole Thomas Callaghy does a creditable job. An assistant professor of political science at Columbia University, Callaghy is the editor of two previous books on the complex issues confronting contemporary Africa, and in the present study he demonstrates a firm grasp on both the methodology and the sources germane to his subject.

The State-Society Struggle is a complex, lengthy book, but it is one no serious student of modern Africa can afford to ignore. Combining careful field research with a solid grounding in the printed sources and employing comparative approaches connected with such disparate disciplines as history, sociology, and political theory, Callaghy provides a convincing picture of the problems confronting Mobutu's Zaire. Here we see the work of an authoritarian regime set in sharp relief against the competing demands of local interests, class considerations, and external pressures. Also, there are interesting sidelights on what Zaire has to tell us about similar problems currently existing or likely to emerge elsewhere in Africa and the rest of the world.

Although the publisher's blurb on the dust jacket would have us believe that the work would be "valuable as a textbook for undergraduate and graduate courses in comparative and African politics," this can be readily ignored as a woefully misguided sales pitch. For graduate courses it might form significant outside reading, but the book's real audience, as I suspect Callaghy would agree, will be Africanists who specialize in one of the fields or disciplines touched on in this wide-ranging book. A revision of Callaghy's doctoral thesis, which won the American Political Science Association's Gabriel Almond Award in 1981, this study forms a significant contribution to the ongoing debate concerning the formation of new states and the special problems that African circumstances pose for such political entities. The volume should include a map, and at times it makes for somewhat difficult reading, but these are minor quibbles. The book belongs in every serious African-studies collection.

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DAVIS, NATHANIEL. *The Last Two Years of Salvador Allende*. Pp. xv, 480. Ithaca, NY: Cornell University Press, 1985. $24.95.

Insurrection is a dangerous game. It involves bloodshed, terror, and, almost inevitably, dictatorship. Spain and Chile illustrate, each in its own fashion, the price of insurrection in the twentieth century. Nathaniel Davis's study is limited to the game that was played out in Chile from 1970 to 1973; it deals with the dangers only in passing.

The Last Two Years of Salvador Allende is an honest book and comprehensive within its deliberately limited scope. It relates an oft-told tale that does not pretend to entertain but that grasps the reader, at least up until the actual demise of the former president. It is an interesting book in that it

unfolds on a split level; it covers events that took place within Chile and the role of the United States in those same events. More than a contribution of new insights, it accurately synthesizes old and new material available to Davis, who was the American ambassador to Santiago between 1971 and 1973. It is not, fortunately, a self-serving memoir; Davis does not attempt to justify. More important, he goes beyond the raw material and raises questions, explicitly and implicitly.

"Did the United States want to preserve a democratic system or destroy a democratically elected government?" asks Davis in his treatment of efforts to "destabilize" Allende. How does a democratically elected socialist act during a crisis that threatens his regime from two sides? "Assassination or Suicide?" is the title of the chapter dealing with Allende's death. Assassination or suicide of Chile? it might well be asked with respect to the insurrection itself.

Davis aptly describes the atmosphere during the first week of September 1973 as "crackling with electricity." He refers to the choice of the military: "They could not stand on a safe shore, as there was none, nor find refuge in the swamp of indecision." He suggests, perhaps for the first time, that Pinochet was reluctant to participate in the overthrow of Allende. He correctly emphasizes Allende's own vacillations.

The final chapter expresses the fear that President Pinochet's actions against democratic forces will create a wasteland. Yet Davis ends on a hopeful note. And so he should; there will be no wasteland because democracy does not die.

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HUSSAIN, ASAF. *Islamic Iran: Revolution and Counter-Revolution*. Pp. ix, 225. New York: St. Martin's Press, 1985. $27.50.

MARR, PHEBE. *The Modern History of Iraq*. Pp. xvii, 382. Boulder, CO: Westview Press; London: Longman, 1985. $38.50.

The Iran-Iraq war, among other recent events, has brought Iran and Iraq into prominent public focus. An explosion of publications has followed, with uneven results, as might well be expected. The two books under review here are written from radically different perspectives; their usefulness to readers will likewise vary.

Asaf Hussain, a social scientist based in both Pakistan and England, presents what is just short of an insider's account of the Iranian revolution. His work consists of six chapters treating the political context—with a very uneven and certainly controversial historical account—the political system, the Islamic opposition, the revolutionary struggle, the Islamic republic, and "counter-revolutionary postures." Probably the best chapters are the third, fourth, and fifth, which reveal Hussain's deep study of the revolution from within, his personal acquaintance with many of the principal actors and with a broad spectrum of the Iranian public, which was gained through travel, residence, interviews, and access to documents, and those aims of the revolution with which Hussain clearly sympathizes: refusal to be part of the East-West conflict, rejection of the shah's imperial system, and protest against social and economic injustice. Readers will gain most from seeing the Iranian experience from the perspective of a committed Muslim activist struggling to define the revolution in terms derived from a passionate search for an authentic Islam.

Phebe Marr, a historian at the University of Tennessee, Knoxville, has written a synthesis of Iraqi history concentrating almost exclusively on the twentieth century. A brief, but useful, chapter treats the land, people, and civilizations of the past. Nine chapters, of which two concentrate on economic and social change, cover the British mandate (1920-32), the interwar and war years (1932-45), the old regime (1946-58), the revolutionary regimes since 1958, and the Iran-Iraq

war to mid-1984. Readers will appreciate the lucid prose, the clear analyses, and the balanced treatment of complex aspects of Iraq's recent past. Particularly useful is the annotated bibliography of works in both Arabic and Western languages. Marr has written an authoritative work that meets a great need: an up-to-date, readable, and comprehensive treatment of recent Iraqi history.

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TEVETH, SHABTAI. *Ben Gurion and the Palestinian Arabs: From Peace to War.* Pp. x, 234. New York: Oxford University Press, 1985. $17.95.

REICH, WALTER. *A Stranger in My House: Jews and Arabs in the West Bank.* Pp. 134. New York: Holt, Rinehart and Winston, 1984. $12.95.

The main subject of the two books under review is the relationship between Zionists and the Palestinian Arabs. The first volume, written by Shabtai Teveth, is an Israeli account of Ben Gurion's perceptions and policies toward the Arabs. Teveth depicts Ben Gurion as a man who did not have many direct contacts with Arabs and who derived his policies from his Zionist ideals. Thus for Ben Gurion, the Arab person, as distinct from the abstract, remained an unknown, a failing that led to errors of judgment, such as his belief that the Arabs would easily accept a "Jewish state within an Arab federation of states."

In addition to its main theme, the book gives an interesting account of the conflicts and divisions among the socialists in the Zionist movement during the twenties and thirties.

On the whole, the first half of the book is rather confusing with a wealth of unstructured detail that tends to leave the reader disoriented. It is only in the second part, more rooted in specific events, that we get a clearer picture of Ben Gurion. That portrait displays a pragmatist, who not only plans his next step carefully, but who is even willing to sacrifice his socialist and humanitarian beliefs in the service of his Zionist ideals.

The second book, *A Stranger in My House,* is the narrative of an American psychiatrist who traveled to the West Bank in order to talk to a variety of people on both sides of the controversy and thus to assess the problem of Jewish West Bank settlements and the possibilities of a future Palestinian homeland. The people he interviewed ranged from Jewish extremists who virtually denied the existence of Palestinians to Palestinian Arabs who predicted that one day the Jewish state would disappear as a result of an Arab victory, and most others in between. The book generally reveals an author who was patient, aggressive, and able to play the devil's advocate when necessary.

In the end Reich comes to the conclusion that the Israelis are increasing in numbers and settlements on the West Bank and that the Arabs had better compromise, and soon, if they are to establish an Arab state there. He also advises West Bank Palestinians to take their distance from the Palestine Liberation Organization, in order to win concessions from Israel, and to elect independent West Bank personalities to conduct negotiations. This advice, however, flies in the face of the main trend among the Palestinians, whether inside or outside the West Bank, who see the Palestine Liberation Organization as the symbol of their national movement.

Many of the interpretations in the introduction to the book, a sketchy history of the Arab-Israeli conflict, would be contested by Arab historians. While Mr. Teveth's book is likely to be of more interest to the Middle Eastern specialist, that of Mr. Reich is likely to appeal more to the general reader less well informed on the Arab-Israeli problem.

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EUROPE

SNYDER, LOUIS L. *Diplomacy in Iron: The Life of Herbert von Bismarck.* Pp. xii, 235. Melbourne, FL: Robert E. Krieger, 1985. $16.50.

Snyder's biography studies the great Bismarck's eldest son, Herbert. Although interesting, it displays some weaknesses as biography. In the beginning, when the reader would like to know something of Herbert's appearance, such as the color of his eyes, or his height and weight—simple traits that bring an adult to life—Snyder offers little. One eventually learns that Herbert grew into a "giant," but that, too, tells little to a reader living in an age when professional basketball centers often stand at seven feet or better.

Snyder points out that Herbert aped his father's mannerisms and political attitudes, but took them to extremes. His father might respect, even if he disliked, a political enemy, while Herbert only hated and despised foes. Bismarck could combine charm and irritation in equal measure, while Herbert greatly favored irritation. Bismarck drank heavily, but Herbert approached the alcoholic. The illustrations in this biography of Herbert are all of his father, from newspaper or magazine cartoons.

After performing heroically as a soldier in the Franco-Prussian War, Herbert became his father's secretary and went on to become secretary of state for foreign affairs in 1886. Snyder details Herbert's hard work as a diplomat: the maneuvering to gain for Germany southwest Africa; the efforts to secure a settlement satisfactory to Britain, the United States, and Germany relative to Samoa; the German-British settlement of differences in Africa; and the German acquisition of Helgoland. These achievements, while not insignificant, pale in comparison to the great Bismarck's role in first building a united Germany. In any event, Herbert worked mainly to carry out his father's policies, which he made his own. The only time the son acted relatively independently was when he served as a deputy in the Reichstag. But, as Snyder notes, the Reichstag was a relatively impotent legislative body when compared, for example, to the British Parliament.

Herbert died a frustrated man in 1904. Groomed to follow his revered father, Herbert, a fierce defender of his father's policies, could not continue the Bismarck political dynasty because of the enmity of Emperor William II.

Overall in this work the writing is solid, the examples pertinent, and the story clear. But one wonders if the subject was worth the effort Snyder devoted to him. Far more interesting than Herbert Bismarck to me were Snyder's descriptions of political infighting in imperial Germany during the late nineteenth century.

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KREISBERG, PAUL H. et al. *American Hostages in Iran: The Conduct of a Crisis.* Pp. xiv, 443. New Haven, CT: Yale University Press, 1985. $25.00.

The hostage crisis in Iran was an unusual event and this is an unusual book. The burdens carried by the delivery system of the U.S. government during those fateful 444 days while our embassy personnel languished in Tehran often appeared to be overwhelming. The very duration of this episode rendered it a crisis prolonged for an eternity to those caught in its dynamics.

American Hostages In Iran: The Conduct of a Crisis recounts these events from the perspective of policymakers directly involved in extricating our embassy staff from the clutches of the Khomeini regime. Warren Christopher, deputy secretary of state responsible for negotiating the release with the Iranian government, introduces the collection. Also included are selections by Harold H. Saunders, former assistant secre-

tary of state for Near Eastern and South Asian affairs, who coordinated State Department policy during the crisis; Gary Sick, National Security Council staff member and the president's personal representative in matters pertaining to the crisis; Robert Carswell and Richard D. Davis, former officials in the Department of the Treasury responsible for applying economic pressures on the government of Iran; and John E. Hoffman, Jr., who reveals the existence of "the banker's channel," an informal avenue for "confidential contacts and negotiations between U.S. bank lawyers and Iranian representatives."

Oscar Schachter, a Columbia University professor of international law, and former U.S. Senator Abraham Ribicoff conclude the volume by evaluating the long-range implications of the lessons outlined by the practitioners. These assessments are developed in terms of international law, the dynamics of domestic politics, and U.S. foreign policy formulation.

Only those crises of greatest magnitude tend to attract such multifaceted treatments as that which emerges here. Thus the overriding virtue of this book is its pellucid view of the U.S. policymaking process in times of stress and exigency. Our government was neither woefully lacking nor especially strong. But a careful reading of this book reveals the inadequacy of intragovernmental coordination linking political, military, economic, and intelligence organizations. This was not merely a bilateral crisis; it was an interagency one as well. Students of U.S. foreign policy formulation, third-party mediation, congressional-executive relations, the organization of government to conduct foreign policy, and influence stand to benefit from this study.

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LAMBRIGHT, W. HENRY. *Presidential Management of Science and Technology.* Pp. xii, 224. Austin: University of Texas Press, 1985. $25.00.

W. Henry Lambright is a well-known authority on public policy dealing with science and technology. Lambright takes 24 cases during the Johnson presidency, from the New York City blackout to defoliation in Vietnam, to describe "the policy system of the science and technology presidency, the top management of the executive branch as it relates to this specific policy area." Access to material in the Lyndon B. Johnson Library and the rich variety of issues during the Johnson presidency provide a solid and broad spectrum of information for Lambright to organize. And organize it he does. The book is literally a framework, a descriptive map of every conceivable influence on science and technology policy. He analyzes the "dispersion" of authority, the "sequence" of decision making, the "integration" of management in the subpresidency, and the "strategic" efforts to bring policy coherence. Lambright calls these the "central issues." He identifies the decision-making actors as the "president" and "subpresidency"; the latter includes the "principals" close to the president, the "budgeteers," the "professionals" with some kind of special knowledge, and the "administrators."

Besides applying the aforementioned variables to the 24 cases, Lambright also uses the cases to illustrate the stages of the policymaking process. He calls these stages "critical decisions" because they are concerned with "agenda setting," "adoption," "implementation," and "curtailment."

A selection from the chapter on agenda setting reveals both the strengths and weaknesses of this work.

> Every presidency must establish an agenda [or agendas]. What it puts on its agenda may or may not be new to the government. Indeed, there are initiating and continuing presidential agendas. Issues on the initiating agenda are those with which the presidency concerns itself as a potential adopter. These are policies that are new to a particular presidency. Issues on the continuing agenda are those with which a presidency is concerned as an implementer. These are issues that

relate to the administration of policies established by previous adoptions. The adoptions may be a given presidency's own or they may be those of a predecessor, in which case the presidency is placed in a position of implementing policies adopted by a predecessor. Thus, a distinction may be made between the initiating and continuing White House agenda.

A sensitivity to and awareness of the many ways a variable can vary bring descriptive breadth to this study. The reader sees case studies fitting "the temporary agenda," "the emergent agenda," or "the priority agenda." For adoption, there are cases that illustrate presidential "acquiescence," "partnership," "arbitration," and "preemption." Precise categorizing is also applied to each of the other policymaking stages. Truly, this work is a *tour d'horizon*.

The book's breadth, however, leaves little room for hypotheses and hypothesis testing. Theoretical conceptualizations are scarce. Perhaps this is inevitable in an administrative history of a particular policy area in a particular presidency. In addition, the paucity of studies on presidential policy management makes a broad, descriptive study a necessary foundation for future analyses.

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McCOY, DONALD R. *The Presidency of Harry S. Truman*. Pp. xii, 351. Lawrence: University Press of Kansas, 1984. $25.00. Paperbound, $14.95.

Donald R McCoy's *Presidency of Harry S. Truman* is a comprehensive, informative, and well-written study on Truman and his administration, its achievements, and the issues it faced. This volume, which is the thirteenth to be published in the American Presidency Series, succeeds in the aim of the series, which is, to quote the foreword, "to present to historians and the general reading public . . . interesting, scholarly assessments of the various presidential administrations."

Selected by the towering and charismatic Franklin D. Roosevelt in 1944 to be his running mate and vice-president, Truman became president—in a sense, accidentally—when Roosevelt died on 12 April 1945. Such a beginning was hardly an advantage to Truman, for the reverence that Roosevelt had received was not extended to him. All presidents face the problems of comparison with other presidents, but for Truman this was to be especially painful. Preceded by the legendary Roosevelt, when Truman left office in 1953 he was followed by the triumphant General Dwight D. Eisenhower, whose very name was synonymous with the Allied victory in Europe. As William E. Leuchtenburg so well develops in his book, *In the Shadow of FDR: From Harry Truman to Ronald Reagan*, Truman was the president most burdened by the Roosevelt legacy.

Yet, Truman managed to turn his disadvantage to an asset, and it may be suggested that what Truman came to play on so successfully was the status of being an underdog. Paradoxically, it is this quality that attracted so much attention to Truman. His being an underdog, so pronounced in the election of 1948, is what made Truman so appealing, distinctive, and unique; it was a role that the common citizen could understand and could identify with and that enabled him to triumph over the apparently favored Thomas Dewey. Although McCoy does not stress this particular argument, a critical reading of the narrative lends itself to such a view. This feature, of the man struggling against great odds, has become Truman's legacy and has been frequently invoked by subsequent presidential candidates, irrespective of party, up to our recent elections.

As McCoy shows, the years of Truman's administration were marked by momentous developments and critical issues that outlined and presaged American diplomatic and domestic policies in the post-World War II period and that last to the present day. It was Truman's awesome decision to drop atomic bombs on Japan in 1945. That same year, the United Nations Charter was adopted at the

San Francisco Conference. In 1946, Winston Churchill delivered his celebrated iron-curtain speech in Missouri, which became a declaration recognizing that East and West were locked in a cold war. In 1949, Truman was the first international statesman to recognize the newly created State of Israel.

At the conclusion of World War II, American prestige and influence had acquired global proportions, its panoply of worldwide power unmatched. Henceforth, this was going to be the American Century. But only five years after World War II, North Korea and the new Communist regime in China defiantly challenged American power in Korea. In response, Truman committed American troops to repel the North Korean invasion of South Korea. The Korean War was the forerunner of many undeclared wars. In addition, it led to such a grave civil-military conflict that Truman relieved General Douglas MacArthur of his command in Korea. Although Truman had widespread support for this decision, it was a costly political act. A disconcerting question had been raised: who best represents the interests of the American people—the military commander or the civilian leader? And to round out the growing national crisis, the antidemocratic phenomenon known as McCarthyism made its appearance. It was also during Truman's administration that the civil rights movement, an issue with a long history in American life, burst forth.

Despite the many conflicts that Truman faced, it must be noted, too, that his administration ushered in unprecedented economic growth and prosperity. The mass consumption, urbanization, and technology introduced during his administration became features of the American landscape.

In sum, McCoy's book on Truman is an extensive piece of work, useful as a general reference and helpful for its substantial bibliographical essay. As a work on the Truman presidency it is a landmark.

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PERNICK, MARTIN S. *A Calculus of Suffering: Pain, Professionalism, and Anesthesia in Nineteenth-Century America.* Pp. xiii, 421. New York: Columbia University Press, 1985. $35.00.

Surely the introduction of anesthesia was one of the greatest boons humanity has experienced. The pioneers were Georgia's Crawford W. Long, who quietly tried ether as early as 1842, and William T.G. Morton, who demonstrated and publicized it in 1846. When chloroform was used by Sir James Simpson of Edinburgh the next year, the curtain gradually fell on a period in which professionals sawed off limbs and knocked out teeth, inflicting staggering pain, some dared say, for people's good. Pain teaches, disciplines, and may well be God's own punishment!

This marvelous book of research—there are 86 pages of notes, 48 of bibliography—pioneers in redefining professionalism by insisting on the use of historical perspective. Thus, physicians in the 1840s who claimed to be specialists were termed quacks, but American medical journals completely avoided evaluation of new developments. Again, by 1830 all but three states had passed licensing laws, but by the 1850s all but three had none. Professionalism was ever in flux.

Anesthesia dramatically changed the hospital environment and the very lives of professionals. Freed considerably from pitiful moans and outcries, they could concentrate. Freed of patient intervention en route, theirs was now the right of decision. At last the meddlesome clergy had been brushed aside, while nurses and attendants calmed down somewhat. Unfortunately, gangrene had not been defeated, so surgical benefits still had to be weighed against risks. It was conceivable that women and the sensitive could finally enter medicine, for strength to use brute force, and dulled sensitivities, ceased to be absolute prerequisites.

Although Francis Bacon long since had enjoined doctors to mitigate pain, many early nineteenth-century American physicians and dentists were not entirely convinced. Earlier towering figures like Benjamin

Rush and Samuel Thomson—questionable professionals by our standards—only gradually lost their blind following. Before we sneer at leaders of that day, however, we should bear in mind that today the powerful case for legalized euthanasia to end terminal suffering still falls on too many deaf medical, legal, and religious ears.

In the nineteenth century it was believed, quaintly, that sensitivity to pain varied greatly by gender, age, social condition, race, nationality, education, and military status. Here, human beings definitely had not been created equal! Some worried that civilization was bringing a new and ominous delicacy of feeling. Many whites saw Negroes as relatively insensitive to pain, while the ex-slaves preferred to suggest eventual numbness or perhaps reliance on prideful fortitude. Pernick explores such cloudy questions as who received anesthesia; who used it; and what various observers thought.

Here is a profound, thoughtful, original, and timely book that is well within the reading ability of past, present, and future patients. It is also one that many professionals ought to consult. After all, like that age, ours is a time of disputation over the new: organ transplants, exotic and rare equipment, burgeoning alleged miracle drugs, alternatives, and costs. We can and should empathize with the struggling professionals of yesteryear.

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PINCKNEY, ALPHONSO. *The Myth of Black Progress*. Pp. 198. New York: Cambridge University Press, 1984. $17.95.

JONES, JACQUELINE. *Labor of Love, Labor of Sorrow*. Pp. 432. New York: Basic Books, 1985. $25.95.

These two volumes both deal with the history of blacks in America, but in different ways and with completely different results.

The Myth of Black Progress studies the current status of blacks and concludes that, despite the enactment of civil rights laws, the lot of blacks today is still an extremely difficult one. Poverty and prejudice continue to exist and black progress, says Alphonso Pinckney, is indeed a myth. Pinckney, a professor of sociology at Hunter College, presents a mass of statistics to prove his thesis. Unfortunately, the sociologist too frequently gives way to the polemicist. Pinckney has written an angry book, and indeed his anger is justified. But his wrath obscures the reality that there has been progress—not enough, but some. And his anger spills out on other scholars who do not agree with his belief that a massive infusion of government aid is the only cure for the plight of blacks today in America.

Jacqueline Jones is a professor of American history at Wellesley College. She does a superb job in *Labor of Love* in analyzing the role of black women in work and the family from slavery to the present. These women endured the double prejudice of being both black and female, and their lives were in many ways even more harsh than that of black men.

Jones destroys several clichés about slavery in this volume. Most specifically, she convincingly paints a tale of the extremely harsh life that women servants had who worked in a slave owner's home. In light of current interest in the nature of the contemporary black family in America, I hope that Jones would next apply her considerable skills to an examination of this extremely important issue.

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WESTON, JACK. *The Real American Cowboy*. Pp. xviii, 267. New York: Schocken Books, 1985. $19.95.

This book is intended as a corrective to the popular myth of the cowboy. In its rhetoric it seems to attack mainly the stereotype of the loyal, professional, and aggressive white male who works steadfastly in the cattle drives and eventually succeeds in acquiring his own ranch and herd, becoming a small landholder himself. Although Weston in his earlier chapters asserts this to be the principal myth of the cowboy, in a later chapter he shows the development of this myth into a variety of patterns; thus, he may be said to expose the myth of the myth. Weston does not attempt to give a complete picture of the cattle industry or of the work of the cowboy under changing conditions; he assumes some knowledge, though distorted, of the principal period to which the myth refers, namely the 30 years after the Civil War. He selects topics in which he can show strong differences between the stereotypes and the particular conditions that he describes. Thus, in different chapters he shows examples of the hardship of the cowboy's work, the control of the cattle industry by large-scale, Eastern-dominated cattle associations, the low chances cowboys have of ever obtaining their own land, cases of labor unrest, the presence of Mexicans and blacks among the cowboys, and the role of women. The instances are frankly selected as counterexamples to the author's picture of the prevailing myth.

The argument leads to discussion of the cowboy myth itself, to which the last chapter is dedicated. As the nature of myth in general is not accuracy to historical fact, but appeal to human emotion and imagination, Weston's narrow interpretation is somewhat beside the point. Weston sees the popularity of the cowboy myth as an escape to a precapitalist paradise, an interpretation that contrasts strongly with that of previous chapters of the myth: chauvinist, sexist, racist, and apolegetic for the misdeed of capitalism. The same chapter, however, treats the changes in the myth over the years. Each new feature is described and interpreted as showing some reprehensible aspect in the culture. The early stories, the basic myth, center on the creation of community and are seen as the longing of suppressed desire in a capitalist economy; the later so-called new Westerns, the John Wayne vehicles stressing a male group, are dismissed as fascist fantasies. Could the new myths not also be discussed as representing ideals that are suppressed in today's society? Consonant analysis of both types of cowboy myths may well stand and fall together.

The volume presents a collection of little-known facts about the history of the West in general and of cowboys and cattle drives in particular. The main argument is questionable. One does not correct a myth with a collection of facts. Few readers believe that the cowboy myth is a historical representation, and it is unlikely that many readers care whether it is. A myth appeals to some basic concerns that are treated within an available historic framework; can the Homeric myths be judged as social history of the Doric invasions? The final chapter discussing the myth resolves itself into a list of complaints about the values represented and their relation to trends in American society that go against Weston's grain. The two last paragraphs deal with Clint Roberts, a former Republican congressman from South Dakota, and with Ronald Reagan, ostensibly clinching the argument.

It would seem that Weston wants to substitute his own myth for those he detests. This would be a myth in which cowboys, with their proper quotas of Mexicans, blacks, and women, fight in the vanguard of the working class against the cattle barons and Eastern syndicates.

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SOCIOLOGY

ADLER, PATRICIA A. *Wheeling and Dealing: An Ethnography of an Upper-Level*

Drug Dealing and Smuggling Community. Pp. xi, 175. New York: Columbia University Press, 1985. $25.00.

Participant observation research procedures seem easy, but potentially they are a trap for unwary investigators. They may treat their study population as so unique that it is not comparable to others; they may fail to check alternative sources of information that may also be available, actually engage in the criminal behavior of their subjects, write up their results in such an informal style that professional colleagues are repelled, or, finally, they may not spend enough time in the field to study the population or phenomenon under investigation adequately.

Adler manages to avoid these traps. During her five-year study, she observed a shift from an orientation focusing predominantly on marijuana to an emphasis on cocaine, and from relatively loose-knit Central American smuggling relationships to more tightly organized and controlled Colombian ones. She learned, too, that if upper-level dealers and smugglers are to avoid arrest and prosecution, they must live and work within an unstable, small circle of friends or associates; the hope is that the more tightly the circle is drawn, the greater the likelihood of effective concealment. At the extreme, this results in paranoid isolation. Nonetheless, these carefully drawn networks are penetrated; operations are detected and disrupted; and those who are arrested become informers for reduced sentences. The heavy personal use of marijuana and cocaine by these large-scale importers and dealers makes for carelessness and increases their vulnerability. While the financial structure of their business relationships is based on faith and trust, as well as suspicion and fear, their work organization and market pricing practices are rational. In stark contrast, their personal lifestyles are utterly hedonistic.

Adler is blessed with a fine working knowledge of the immediately relevant literature, but she fails to explore some broader implications of her work. She discusses both rational and irrational elements, but apparently fails to appreciate the significance of this inversion of Camus's existentialism: a rational world in apposition to irrational human beings! Nor does she explore the fact that her study population was of the same cohort as the protesters of the sixties and early seventies. In rebellion against middle-class parental norms of drug use, sexual behavior, and child raising, they were involved in their own version of ripping off the system. They suddenly found themselves with incomes beyond their wildest dreams, and a hedonistic subculture rather than Durkheim's anomie was the result. Finally, Adler's data indirectly seem to lend support to the proposition that an unanticipated consequence of the successful suppression of the marijuana and cocaine traffic would be a version of Lasswell's garrison state. That consequence does not seem to be in the immediate offing. Rather, what has actually happened is that, instead of a new approach to drug policy that would resolve some of the contradictions that we have as heirs of the nineteenth-century Moral Reform and the Harrison Act (1914), there is a kind of stalemate in what Lewin would call a field of forces, involving the drug rebels, on the one hand, and the agents of law and order, on the other. What are the implications for political theory?

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BECKSTROM, JOHN H. *Sociobiology and the Law: The Biology of Altruism in the Courtroom of the Future*. Pp. 151. Urbana: University of Illinois Press, 1985. $19.95.

This highly speculative work tries to apply insights from sociobiology to selected issues in legal policy concerning family relations—judicial disposition of intestacy, child custody, in-law marriage, and child abuse. While this has the appeal of novelty and the

apparent encouragement of the noted sociobiological theorist Edward Wilson, it is nonetheless a peculiarly reasoned work, marked by unexamined ambiguities, an ingenuous approach to the relations between empirical data, theory, and policy, and a rather dubious orientation to the role of law in human society.

The basic theme is the theory of the so-called selfish gene, which asserts that humans are programmed to be disposed to act so as to benefit genetically related humans. Evidence on this issue is both controversial and subject to alternative interpretation, but Beckstrom usually takes it as a given. He then proceeds to compare current legal practices in handling cases of intestacy with the apparent dictates of genetic programming, concluding that the former are typically contrary to the latter and should be altered in the direction of the latter.

There are immediate difficulties with this viewpoint. First, Beckstrom cites the sociobiological contention that culturally induced, countergenetic behavior will not endure for long in human history. If so, why is further policymaking necessary? Second, why should sociobiological patterns be superior to prevailing legal-cultural solutions and to the expressed values and intentions of interviewees on the issue of bequests? Third, Beckstrom also adopts the view that culturally induced behavior "never strays too far or too long from what is called for by biological programming." This suggests that, if left alone, lawmakers and cultural leaders will somehow devise biologically appropriate cultural patterns. In my opinion, this discussion—largely in chapter 1—is a morass of inconsistencies that should have been identified, discussed, and at least partially resolved before publication.

In succeeding chapters, the basic theme is applied to selecting the appropriate parent in child-custody cases. It is concluded that, biologically speaking, the mother is typically more nurturant. Regrettably, cultural grounds for a similar conclusion are ignored, and the general argument is flawed by proclaiming that females are programmed to be discriminating in selecting mates—despite the widespread phenomenon of promiscuity. Likewise, in a discussion of child abuse, the genetically derived argument that abusers would be predominantly step-parents rests on a woefully weak empirical base—a study of 24 households in rural Pennsylvania.

Toward the end of this short book, Beckstrom becomes less assertive. He seems to have less faith in the strength of selfish genes and even admits that biological predispositions can be modified and overcome by cultural influences, including law. Indeed, he begins to question whether sociobiological theory can really help lawmakers, and he concludes that they might be served by empirical research unencumbered by biological theories. Sociologists who are interested in the relevance of sociobiology—its potentials and limitations—will probably find that this work promises much more than it delivers.

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CARNOY, MARTIN and HENRY M. LEVIN. *Schooling and Work in the Democratic State*. Pp. 307. Stanford, CA: Stanford University Press, 1985. No price.

In *Schooling and Work in the Democratic State*, Martin Carnoy and Henry Levin suggest that "though [American] schools are organized like workplaces, screening and preparing youth for inequality, they are more equal and participatory than offices and factories." This uniformly well-written, often insightful, and always provocative volume proceeds to analyze this paradox in considerable detail, arguing that there exists a continuing dialectical tension between schooling and work that is part of a larger tension between "the imperatives of capitalism and those of democracy in all its forms."

In the first eight chapters, Carnoy and Levin probe both this paradox and its attendant tensions from the perspectives of history, political philosophy, economics, and sociology, among others. The final chapter deals with current American reform efforts and their policy implications. Each of the chapters truly deserves extensive comment, but space limitations dictate that this brief review focus on a handful of the contentions made in this volume.

Carnoy and Levin write that American schools are inherently conservative institutions that "in the absence of external pressures for change... tend to preserve existing social institutions." Suggesting that strong social movements tend to promote a "democratic dynamic" in education, they also suggest that whenever such movements are weak, "schools tend to strengthen their function of reproducing workers for capitalist workplace relations and the unequal division of labor."

Carnoy and Levin see such shifts as part of a continuing dialectical process. In the period from 1900 to the 1930s, for example, big business dominated labor; in the next four decades a series of important social movements shifted the balance of power in the direction of labor, the disadvantaged, racial and linguistic minorities, women, and so forth. Since the late 1970s, however, because of a deteriorating economic situation, the democratic trends of equity, equality, and access in education were reversed, and today American education is blamed for the nation's economic decline. Influential reports, such as *A Nation at Risk*, call for often simplistic reforms to restore America's economic primacy through greater academic rigor.

Following a trenchant discussion of recent structural changes that have transformed America's production system, the reader is presented with a provocative analysis of the Reagan administration's economic and social initiatives as they are reflected in its policy of "using the schools for reproduction of the work force" while deemphasizing the democratic themes that dominated the 1960s. Carnoy and Levin point out, however, that such factors as "the false promises of high technology; high unemployment; neglect of minorities and the poor; and the general trend toward participation in the workplace" contain the seeds of change that will result in the pendulum's swinging back to the "democratic dynamic" in the educational sector.

While I am not convinced by Carnoy and Levin's argument of the inevitability of a dialectic process informing the history of modern American education, I am persuaded that this is an important book deserving a wide audience. Even while finding much with which to disagree, readers will be provoked to reaction and, thus, forced to confront their own assumptions and biases. This is, in brief, a book that will be debated for some time to come.

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GOODIN, ROBERT E. *Protecting the Vulnerable: A Reanalysis of Our Social Responsibilities*. Pp. 235. Chicago: University of Chicago Press, 1985. $25.00.

Robert E. Goodin, of the Department of Political Science, Sussex University, has written the type of lucid, concise exposition of a demanding idea that we expect of British colleagues. His thesis is that the philosophic justification for our obligation to others springs from their vulnerabilities to us rather than any special membership we might share. We owe concern to our children, for example, because of their need of us. For Goodin, needs are not limited to the means for physical survival. A spouse is vulnerable to his or her need for our emotional support.

Considering another widely perceived obligation, Goodin dismisses the prevalent notion of political communities. If they constitute clubs, on what moral basis do we exclude any from membership? The obligations the more internationally powerful have

toward the poorer cannot be justified on the basis of past colonial exploitation. What matters is the sensitivity of Third World peoples to our actions. And, Goodin reminds us, the peoples who are vulnerable to our actions include others of future time, who will face an environment insulted or nurtured by us.

Neatly, almost surgically, Goodin leads us through the defenses he has aroused. Our cultural commitment to the contract, actual or implied, is shown neither to explain our current moral positions nor to allow for a wider justification. Support is drawn from sources ranging from American constitutional history to the ongoing discussion of Rawls's *Theory of Justice*. Some readers may also be reminded of Lewis Hart's *The Liberal Tradition*.

How are we to respond to this awesome thesis of obligation? Goodin, like many professional philanthropists, is suspicious of activism achieved through personalizing anguish. He contends that giving to a particular starving child, for example, may actually be negative in effect since it may not address the world within which that individual beneficiary exists. By turning his back on this form of caring, Goodin makes a very large step. Our route should be "to campaign for our governments to organize generous and well integrated multilateral schemes for foreign assistance."

The reader, stranded between disdain for Save the Children and a disheartening injunction to take on the government, may be forgiven a feeling of letdown. Although it is not the philosopher's task to answer the question of how in a democracy one applies these insights, Goodin does not appear to eschew practicality. The child psychiatrist Robert Coles recently reported that the urgent questions children can conceive of are class defined. Those who found nuclear annihilation a problem, for example, tended to be upper middle class. Goodin would certainly respond to the implied question of democratic choice that the fact that others do not act morally does not excuse us from so doing.

Both concern for the implementation of philosophic conclusions and recognition of the daunting nature of the task have been addressed by Robert Payton, president of the Exxon Education Foundation and leader of Columbia University's Seminar on Philanthropy.

> The closest we seem to be able to come to the idea of a just world is one in which *only* those with surpluses of material resources *and* with the philosophical and spiritual conviction that philanthropy is necessary are prepared to act generously. Do we propose to reach a point where the goods of the world are owned and controlled in such a way that tragedies of this kind [Ethiopia] would be impossible?

My group membership may be showing, but I regretted that Goodin did not carry us a bit further in considering the policy implications of his luminous view of humankind.

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McCLELLAN, JAMES E., III. *Science Reorganized: Scientific Societies in the Eighteenth Century*. Pp. xxix, 413. New York: Columbia University Press, 1985. $45.00.

Science Reorganized presents an account of the growth and some of the activities of scientific societies in Europe and the Americas from 1660 to 1793. Its underlying premises

> are that the scientific societies of the eighteenth century constitute a coherent subject important in understanding the development of science since the Scientific Revolution and that only by considering the scientific societies collectively as a single phenomenon can proper perspectives be brought to bear on their impact and history (xiii).

While primarily a work in the history of science—ambitious in its geographic scope, narrow in its institutional focus on scientific societies—the book is informed by and explicitly addresses itself to certain relatively recent issues in science studies and the soci-

ology of the professions. As the principal focus is state-recognized societies, the book also has some pertinence for students of state interventions in nongovernmental spheres. Of special value are appendixes providing information on a virtually complete list of more than 70 official scientific societies from 1660 to 1793 and a second list of 67 "notable" private societies. Information includes, where available, the type of society, political source of formal recognition, dates of activity, sources of support, extent of orientation toward science, size, organization, facilities, publications, and prize and other activities as well as bibliographic sources.

The book's opening chapter introduces scientific societies and their two general forms of organization: societies, modeled after the Royal Society of London, and academies, modeled after the Paris Academy of Science. These differ in organization and in the nature of state support and control. Subsequent chapters cover the growth—roughly exponential—of scientific societies up to 1793; communications between scientific societies; and cooperative projects undertaken by two or more societies. A final chapter deals with the making of the scientist, that is, with the role of scientific societies in the development of science as a profession.

An excellent integrative survey of the nature and distribution of the Enlightenment's most distinctive type of forum for scientific activity, McClellan's book is likely to become a standard work. The book's shortcomings, such as they are, stem primarily from the narrow focus on scientific societies and their dispersion. Missing or very circumscribed are systematic discussions of the relationship of scientific societies to other spheres of scientific activity or to cognitive developments within science. We learn little about society members—especially McClellan's protoprofessionals, the employed academicians—their activities, or their recruitment. The discussions of scientific communication and the professionalization of science are provocative, but probably not wholly satisfactory for specialists in science studies or the professions. Using the appendixes for guidance concerning sources, however, those specialists should be able to find the data necessary to develop their own conclusions.

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NELSON, BARBARA J. *Making an Issue of Child Abuse: Political Agenda Setting for Social Problems.* Pp. xiv, 169. Chicago: University of Chicago Press, 1984. $17.50.

Nelson has three broad aims in this book: to provide a history of child abuse policy-making over the past three decades, to analyze the process of agenda setting, and to discuss the "advantages and limitations of liberal reform." She traces how child abuse moved from being a marginal concern of charities to a central policy problem, through the media, the legal system, and Congress. Her general conclusion is that liberal reform, treating the problem as one of deviance and out of concern for maintaining family authority, failed to address the root causes of child abuse and neglect. The syllogism that emerges in the course of her book and in her conclusion goes something like this: child abuse is caused by family stress, which is caused by inequality, racism, and patriarchy; liberal reform does not deal with inequality, racism, or poverty—only programs that seek to eliminate these problems can do this. The aims of the book are shaped by the desire to validate this syllogism. In this narrow framework she succeeds in providing a book that is generally clear, concise, and well written.

The major problem is that not only is there little evidence to support the syllogism's assumptions, but there is considerable evidence against them. To start, Nelson herself admits, "No one actually knows the extent of child abuse and neglect, or whether their incidence is increasing or decreasing." Given such a lack of data, how can it be

asserted that child abuse and neglect are the result of inequalities of wealth and power between the sexes and races? She does refer to Pelton's essay about the "myth of classlessness" in child abuse and neglect, but this essay is tainted because it provides no original data itself, because it uses secondary sources mostly compiled by child welfare agencies that are bound to have an overrepresentation of the poor among them, and because Pelton deliberately confuses abuse and neglect, two distinct phenomena.

Nelson provides no time-series data that show a positive association between levels of poverty and unemployment, on the one hand, and child abuse, on the other. Without such proof, it is impossible to say unequivocally that there is a relation between inequality and child abuse. Indeed, in the period since 1960 for which she does provide some evidence that reported child abuse has increased, the poverty level of Americans has declined. Measures of racial prejudice in America fell dramatically during the same period, while the percentage of black college graduates rose tremendously. So much for racism. The percentage of, and public acceptance of, married women working outside the home has increased greatly during this period, the proportion of females in college graduating classes is higher than that of males, and the percentage of elective offices held by women has tripled. So much for patriarchy. To be fair, she did not set out to prove this point. What is a serious flaw in the book, though, is that the causal relation between poverty and abuse is assumed, even though it is central to her attack on liberal reform. One simply cannot base an analysis on a relationship that has not been conclusively proved.

An old joke goes, "How many social scientists does it take to change a light bulb?" "They do not change light bulbs. They search for the root causes of why the last one went out." In this case, there is still disagreement about what the root causes are.

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PFEFFER, LEO. *Religion, State and the Burger Court*. Pp. xiv, 310. Buffalo, NY: Prometheus Books, 1984. $22.95.

This is another good book by the premier participant-observer and chronicler of the constitutional relations of church and state in America. Leo Pfeffer is not uncritical of the decisions of the Burger Court. He pledges both "not . . . to make any effort to exclude [his] own partisan judgment as to the significance and correctness of the decisions discussed in the book" and, for all his Jeffersonian starch on free exercise of religion and the separation of church and state, to be nonpartisan "as far as possible." The pledge is kept. As a result, the book can be enjoyed both for its evenhanded explanation of the setting, stakes, and arguments in religious cases that have been or may yet be before the Supreme Court and for the exposition of a considered position on religious freedom. The chapter on "the free exercise of disfavored religions" is less objective, more argumentative than the rest, but no less valuable.

Pfeffer concludes that the Burger Court has been reasonably faithful to the spirit of the Free Exercise Clause. He explains how the purpose-effect-entanglement test of religious establishment was used most often in the 1970s to strike school-aid laws down, while in the 1980s it has been employed as a rationale for accommodation—though he does not fault the test itself, for its ambiguity. In 1985, after the publication of *Religion, State and the Burger Court*, the Court took another turn: it voided an Alabama law authorizing a moment of silence in public school for meditation or prayer, a Connecticut law giving employees the right to refuse work on their chosen sabbaths, and municipal ordinances putting publicly paid teachers in parochial schools to conduct classes on secular subjects. In all likelihood it will change course again with new appointees.

This is a book aimed at the general reader. It is not deep, but wise and informative. Pfeffer offers an analysis of the

support of public aid for religious schools by those on the run from integrated public schools, for example, and of the costs and benefits politicians perceive in taking stands on church-state issues. I recommend it, cover to cover or as a reference for its chapters on tax exemption, even though it ignores the extraordinary games that members of the Universal Life Church play with the tax collector; religion in public places; religion in military, penal, and legislative service; religion in labor law; religion and the family; and other topics.

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ZOLLAR, ANN CREIGHTON. *A Member of the Family: Strategies for Black Family Continuity.* Pp. 174. Chicago: Nelson-Hall, 1985. $22.95.

A Member of the Family is an assessment of the urban black family experience and the role played by extended kinship. Zollar's perspective views the black family as a cultural variant in American society. This perspective emphasizes the distinctive qualities of black families and implies that it is a special black culture that accounts for the observable differences between black and white families. Further, those characteristics of black families that are similar to those in white families have evolved through different processes and styles of interaction. This perspective differs from the cultural-deviant and cultural-equivalent views in that it gives much less emphasis to a definition of the family constrained by the conjugal bond or by reliance on a common residence unit.

Zollar points out that black families may be dispersed over several household units and that one person may have differential family loyalties to a number of households. Quoting from Carol B. Stack's *All Our Kin,* Zollar notes, "'A resident... who eats in one household may sleep in another and contribute resources to yet another. He may consider himself a member of all three households.'" Zollar emphasizes that we must look at factors that determine household composition rather than seeing households as closed units.

This failure to recognize that "household" refers to residence while "family" refers to kinship has led to an overemphasis on the female-headed black family. Indeed, Zollar points out that black families are not necessarily best conceptualized by focusing on the conjugal bond. The economic and social implications of other relationships may be more important than those of the relationship between husband and wife. Her conceptualization of the black family could be captured by Litwak's phrase, "a modified, extended family." The extended kinship network exists in affluent conditions as well as in poverty, in urban conditions as well as in rural ones. Black families "transmit from generation to generation the knowledge that sharing between and among kin constitutes appropriate behavior."

Zollar gives us case studies of four contemporary, urban black families and identifies commonalities and differences among them. In each of the families there was a span of three to four generations spread out over several households. Usually, the core family consisted of a woman and her children and grandchildren with any spouses who were present. These families also kept looser connections with a larger kinship network.

In all the families there was mutual aid and reciprocity of giving among the scattered kin. Most of the exchanges were of a sort Zollar calls "generalized reciprocity." Goods and services were given with no expectation of immediate or necessarily balanced return. Only one of the four families expected immediate and even exchanges. Zollar points out that this family was the poorest of the four and not to repay directly meant that someone in that family would go hungry.

The primary process through which the mutual aid flowed was gifts to the mother from those who were able to give. The mother then parceled out these goods and

services to those in need. There was a felt obligation to make contributions when one could and no hesitancy about calling on the mother for aid, even long-term aid, when one was needy.

One of the continuing questions in the literature on the black family is whether or not this mutual aid system is a deterrent to upward economic mobility for family members. Stack and others have suggested that kin who have been upwardly mobile often shut themselves off from other family members who are welfare recipients. Zollar found three patterns of interaction with family members after a couple had achieved a moderate degree of economic success. The most common pattern was to continue to participate in the mutual aid system. The families of these couples identified with their success and accorded them status. Other mobile relatives who were less well off did not contribute to the family, but as long as they kept up regular contact, the families were satisfied with their behavior. A few upwardly mobile couples had cut themselves off from the extended family and did not participate at all in the system of mutual aid even though they were able to do so. These, however, were the minority.

Zollar concludes as McAdoo and others have done before her, that this family helping behavior does not seem to hurt the economic mobility of some of the members. It also occurs at all socioeconomic levels and is not, therefore, an adaptation to urban poverty, but a true cultural attribute of black families in general.

Zollar does an excellent job of integrating historical insights on black families and her own research into a theoretical perspective that gives us a clearer view of the functioning of contemporary, urban black families. Her well-written analysis makes a strong case for the black family as a distinctive, adaptable cultural variant with its own traditions and patterns of behavior.

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ECONOMICS

LEAMER, EDWARD E. *Sources of International Comparative Advantage.* Pp. xix, 353. Cambridge, MA: MIT Press, 1984. $45.00.

The generation of econometric evidence to support or dispute a theoretical hypothesis has never been more widespread. Nevertheless, doubt about the validity of that evidence is also at an all-time high. In this book, Edward Leamer demonstrates why this apparent paradox is true. Leamer presents a dazzling menu of tools available to today's econometrician but is careful to emphasize the fragility of inferences drawn with these tools. In this sense, the book is more about econometrics than international trade. In fact, the reader is left with the impression that any theoretical hypothesis for which there were appropriate data could have served as the topic for this book.

As a handbook for application of modern Bayesian econometrics, the book is superb. Leamer is precise and complete in describing the methods he feels are appropriate for generating econometric evidence. Given the careful consideration Leamer applies to the techniques proposed, the reader is led to do the same. More generally, the book represents an expression of how various types of econometric research are supposed to proceed. Leamer starts with an economic theory in chapter 1 and derives testable implications, being sure to emphasize the conditions necessary for a valid test, in chapter 2. He then discusses, in chapters 3 through 5, both the data and their interaction with the econometric methods to be applied. Finally, in chapters 6 and 7, Leamer presents estimates of the empirical model and briefly interprets the results. Even if one does not accept the Bayesian approach, the thoroughness of the empirical work sets an appealing standard.

From an international economist's perspective the book is less appealing. Contrary to the book's title, Leamer makes little effort to present the empirical regularities in the sources of comparative advantage. The

reader is left to sort through multitudinous scatter diagrams and plots, which constitute a 90-page appendix, as well as statistical results. This is a formidable effort. Moreover, the brief discussion of results is heavily sprinkled with references to technical issues such as "prior densities" and "orthogonalities." There is, however, a wealth of material presented, and simple examination of the plots provides intuition about shifting comparative advantage.

There is a final caution. In the preface, Leamer states that "understanding everything in this book will be a formidable task for most people." This is an understatement. The book is both technical and difficult, and it is accessible only to those who have had previous econometric training.

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MINTZ, BETH and MICHAEL SCHWARTZ. *The Power Structure of American Business*. Pp. xix, 327. Chicago: University of Chicago Press, 1985. No price.

The Power Structure of American Business is a treatise on the preeminence of financial institutions in American business. Beth Mintz and Michael Schwartz argue that financial institutions, predominantly banks, are the most influential institutions in American business. Beyond their immediate impact on business, it is implied that financial institutions' decisions are capable of transcending government policies for change.

Mintz and Schwartz condition their argument by stating that on a day-to-day basis, nonfinancial institutions are left alone to act autonomously, with financials interfering in nonfinancials' decision making to prevent destructive competition, to prevent an unprofitable investment, or to protect the interests of a major borrower. Also, the financials' power is most significant during certain economic conditions: recession; when nonfinancials require capital financing; and when financials can coordinate their actions to act in unison against nonfinancials.

Mintz and Schwartz make these assertions based on the financials' control over capital flow decisions and on leverage over nonfinancials' actions through stocks held in the nonfinancials. Through their decisions, financials change the environment in which nonfinancials and the government function.

As evidence of their argument, Mintz and Schwartz present compelling examples from the business press that illustrate instances where financials have prevailed over nonfinancials. Some examples include the defeat of the manufacture of the airbus in 1976; prevention of the acquisition of Chemical Bank by Leasco, a computer company, in 1968; and the Big Three automakers' yielding of the manufacture of car parts to suppliers when financials refused to support full funding of fuel-efficient cars.

There is no disputing that financial institutions are powerful; however, upon reflection, it is questioned whether Mintz and Schwartz have sufficiently explored the weak side of banks, such as their dependency on nonfinancials as depositors of capital that permit financials to lend money, the government's regulation of bank activities, the vulnerability of banks to failure when they make poor loans, and government rescue of failing banks.

Also questioned is whether Mintz and Schwartz were not unduly influenced by the findings of the Mathematical Analysis of Corporate Networks (MACNET), an earlier research project Mintz and Schwartz conducted to study the division and groupings within American business in an effort to untangle power relations among corporations. Its purpose was to measure the centrality of corporations based on the frequency of companies' representation on various corporate boards of directors and to indicate the linking relationships between companies. MACNET revealed that banks were the most centrally linked institutions in business, either through representation on other companies' boards or through other companies' representation on banks' boards.

From the quantitative research performed under MACNET, Mintz and Schwartz then proceeded to cull through the most widely read business publications to gather evidence to back up the findings of MACNET, to see if the real world of business functioned according to the network that MACNET revealed.

It seems that all that can be inferred from MACNET is an indication of the method of communication between corporations and not of power among corporations. As Mintz and Schwartz themselves point out, corporate representation on boards provides the information necessary to implement control but is not a source of control.

The reason for the frequent representation of financials on corporate boards and for nonfinancials' representation on financials' boards reflects a need to maintain goodwill and to gather information. Nonfinancials invite financials to sit on their boards because the financials are important lenders or major stockholders; and financials invite nonfinancials to sit on their boards to solicit information for making investment decisions and to ensure that the nonfinancials, as the largest depositors, continue to maintain large deposits with them.

Nevertheless, *The Power Structure of American Business* provides an in-depth account of conflicting theories over ownership and control of large corporations and differing viewpoints on corporate behavior. It provides, too, an illustration of the financials' influence and a sense of the ways in which this influence operates at the particular moments it is exercised. It also gives us food for thought in considering which is most powerful in American business: financial institutions, nonfinancial institutions, or the government; or do all three share equally in exerting influence?

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TAYLOR, SERGE. *Making Bureaucracies Think: The Environmental Impact Statement Strategy of Administrative Reform.* Pp. x, 410. Stanford, CA: Stanford University Press, 1984. $29.50.

The central concern of this book is the social intelligence that goes into environmental decisions. Taylor evaluates the first ten years of the environmental-impact statement (EIS) process of the 1969 National Environmental Policy Act—in particular, how it has worked inside two federal agencies with important impacts on the environment, the Forest Service and the Army Corps of Engineers. The book grew out of a dissertation done in the political science department at Berkeley and, in Taylor's words, "owes much to what I only later came to realize was a special intellectual culture, one intensely concerned with how knowledge and politics influence each other."

Environmental values are described as "precarious" and as needing the protection of special arrangements. The antidote for this weakness is what sociologists call institutionalization: the vesting of resources in the hands of those committed to a particular value in order to protect and further that value.

As environmental groups grew stronger and richer in expertise, their political clout increased, putting pressure on governmental agencies to mend their ways. In Taylor's convoluted language, "Early legal and political victories by environmentalists on EIS issues . . . probably acted as a selection pressure for them to acquire or augment their research arms in order to participate effectively in a now more analytically intensive kind of politics." An investment in a research capability "increased the pressure on agencies to present more thoroughly researched justifications for their proposed policies."

As some interest groups acquired greater analytical resources, the agencies and other interest groups came under greater pressure to respond in a similar fashion, for groups without an analysis capability had dimin-

ished chances of winning once the rules changed. Nor was this simultaneous evolution of politics and policy confined to the interplay of agencies and interest groups; the growth of analytically more sophisticated interest groups undoubtedly encouraged the courts to undertake a more searching review of the factual underpinnings of agency decisions and to elaborate more demanding rules of analysis.

If the reader can cut through the jargon, he or she can conclude that Taylor wants environmental pressure groups to have more power to pressure government agencies into conforming to their views. Many Americans believe that such groups have had a negative effect on the economic development of various industries in this country, particularly the nuclear power industry, at the same time that these industries are flourishing, safely, abroad.

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OTHER BOOKS

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PREFACE

After a dormancy of more than fifty years, proposed legislation and other policy-related matters concerning immigration—and the demographic and behavioral characteristics of recent immigrants, their gain to or drain on the economy, and their social desirability and acculturation—have become major topics for research and debate in the public arena.

Prior to the 1970s, the great period of immigration to the United States and studies about immigrants and their depiction in the arts and the media occurred in the last two decades of the nineteenth and the first decade of the twentieth centuries. During the 1930s, more people emigrated from, than entered, the United States. Following World War II, the United States maintained most of its prewar restrictions on immigrants, opening its doors primarily to refugees from Communist countries in the 1950s, and then more widely in the 1960s and 1970s. Illegal migration mainly from Mexico and other Western Hemisphere countries also contributed to the growing number of newcomers to U.S. shores.

Beginning in the 1970s, immigration as a topic for public debate and research came into its own. The Congress for the past four years has debated various immigration bills that have focused mainly on controlling illegal migration by introducing employers' sanctions, national identity cards, and the granting of permanent and temporary resident status to persons already in the country. Such bills have also contained caps on legal immigration, usually around the 350,000 mark. As of January 1986, none of the proposed measures has been enacted, or even passed, by the two houses of the Congress.

The public debate in the media and the political arenas has focused primarily on the impact that immigrants have on the nation's economy. Job displacement, lowered wage scales, and high welfare payments have been among the major concerns, along with problems of language acquisition, loss of control of our borders, and a concern about maintaining a national identity.

Researchers, in the main, have been followers, rather than determiners, of the immigration agenda. Their work has in large measure been influenced by public policy issues. In the 1970s, for example, the Select Commission on Immigration Policy solicited research and think pieces from hundreds of scholars in many different fields as it prepared its recommendations to the president.

In this special issue of *The Annals*, the articles provide data and report research findings that should contribute to the public debate and to the making of informed decisions about immigration policy. There are also some articles that have a less practical and less applied nature and consider more abstract and theoretical matters. Thus there are articles that assess the economic and social impact on the United States of recent immigrants from different parts of the world, the adjustments that they have made to American society, the jobs they hold, the education they have attained, and the money they earn. There are also articles on bilingualism and separatism, on public attitudes toward immigrants, and on the changing behavior of white ethnic early-immigrant communities.

In the main, the authors who have examined the social and economic adaptations of specific ethnic groups have reported positively, and for some groups glowingly, about immigrants' adjustments and contributions to the work force and to the social and cultural life of this country. Wong, for example, writes of the Asian immigrants:

> In sum, the general level of socioeconomic status among the new Asian immigrants surpasses that of the general U.S. population, especially those of other immigrant and minority groups. This novel situation is referred to as leapfrog migration, in which the new immigrants assume middle, rather than lower, positions on the socioeconomic ladder.

Chiswick's account of the Mexican immigrants is less positive, however. He finds that they have low levels of schooling, occupational status, and earnings and that there has been a decline in their skills as measured by educational attainment.

Implicit in many of these articles is the question of how important culture is. After immigrant communities have been in the United States for more than two generations, how differently do they behave from other ethnic groups and from natives, and how similar or different are the values they espouse? On one important dimension, the number of children they are likely to have, the data suggest that cultural differences die out relatively quickly.

Several myths are also debunked. For example, Jeffrey Passel's article on undocumented immigrants debunks the numbers myth, which has put the number of these immigrants at 4 to 12 million with an annual increase of about 500,000. He also debunks socioeconomic myths that have characterized the undocumented as earning the lowest wages and having no education or occupational skills. Passel estimates the number of undocumented alien settlers in the United States at about 2 million. "Many undocumented aliens," he explains,

> have income tax withheld from their paychecks, yet they never file for the refunds due them because of their fear of the federal government. Many also pay into Social Security, either into a bogus account, another individual's account, or a fraudulently obtained account in their own name. Yet, they are either too young to receive benefits or ineligible ever to receive benefits because of their legal status. Thus, at the federal level, undocumented immigrants pay into the system, but are ineligible to receive anything from most of its benefit programs, such as food stamps, Medicare, and Social Security.

Julian Simon's piece on legal immigration shows that immigrants who arrived in the decade between 1901 and 1910 constituted 9.6 percent of the national population at the end of that decade, and, by comparison, immigrants who arrived between 1961 and 1970 and those who arrived between 1971 and 1980 constituted a smaller portion of the population, 1.6 and 2.0 percent. Like Passel, Simon emphasizes that it is wrong to assume all immigrants are poor. He provides data demonstrating that they have a bimodal educational and occupational distribution relative to natives.

Assessing how those of us who came to these shores earlier react to current and prospective immigrants, Harwood reports negative feelings toward immigrants on the part of the general public over the past decade. But he points to the presence of influential and organized interest groups, whose views differ from those of the

public and who are more favorable toward legal and undocumented immigrants. The latter, he believes, have had greater impact than has public opinion on government decisions thus far and may continue to over the next decade or so.

Thinking ahead to topics that might be covered in a future issue of *The Annals* devoted to immigration ten or so years hence, surveys conducted among immigrants and refugees who arrived in the 1980s should have high priority. Those surveys could assess how well the immigrants and their children have done after their initial adjustments, how integrated they have become into the larger society, how much mobility they have experienced, and how they feel about those who want to immigrate at that point in time. They might also make another assessment of the importance of culture in the adaptations and relative success that different immigrant communities have achieved.

RITA J. SIMON

ANNALS, *AAPSS*, 487, September 1986

Basic Data Concerning Immigration into the United States

By JULIAN L. SIMON

ABSTRACT: This article provides a wide range of data measuring the volume of international migration into and out of the United States and describing the immigrants' demographic and labor market characteristics. Data from Canada, Australia, Great Britain, and Israel show a pattern consistent with that of the United States. The volume of immigration, both relative to population size and in absolute numbers, is lower than it was at the turn of this century. Present-day immigrants, like immigrants always and everywhere, tend to be youthful adults who have not yet attained full family size. Contemporary immigrants tend to be substantially more concentrated in the professional and highest education groups than the native labor force, with a slightly higher concentration in the lowest education groups as well. Immigrant groups generally have higher labor force participation than native groups. Their fertility is no higher, and in most groups is lower, than the natives'. These demographic and behavioral characteristics emerge despite the fact that only a very small proportion of present-day immigrants into the United States are admitted through skill preferences, whereas most are admitted for family reconstitution.

Julian L. Simon teaches at the University of Maryland. He is the author of The Economics of Population Growth; The Ultimate Resource; *the forthcoming* Economic Consequences of Immigration into the United States; *and other books.*

UNFORTUNATELY there is not now available a reference volume presenting immigration statistics. The aim of this article is to supply basic demographic and behavioral data relevant to discussion of the consequences of legal immigration into the United States. As wide a variety of data as I could find, covering the longest time spans possible, are presented subject to constraints of space.[1]

THE VOLUME OF IMMIGRATION

Gross annual immigration since 1820—the total number of immigrants arriving each year—is shown in Figure 1.

Shown in Figure 2 is the proportion of emigrants to immigrants, a magnitude that has received little attention perhaps because it is never flattering to feel that people wish to depart your country and prefer to live elsewhere. Though Figure 2 shows that emigration has often been substantial relative to immigration, it may cushion the blow to remember that some emigration occurs for financial reasons, such as taxes and the cost of living, especially after the age of retirement, and some other emigration is due to failure to adjust to the United States.

Net immigration—the difference between arrivals and departures, shown in Figure 3A—produces a different impression than does gross immigration. Sometimes, as during the 1930s, emigration has exceeded immigration. This has been the case even more dramatically in other countries of immigration such as Canada and Australia. (See Figure 3B for Canada.) Emigration data make clear that gross immigration data are misleading when used to estimate population growth and labor force growth.[2]

The data on immigrant flows refute some widely held ideas. For example, the anti-immigration organization Federation for American Immigration Reform says, "Immigration to the United States is at record levels."[3] And a recent commissioner of the U.S. Immigration and Naturalization Service wrote, "The United States is probably undergoing now the greatest surge of immigration in its history."[4] The latter writer was including illegal immigrants, who are not included in the data shown earlier. But the data on legal immigration indicate that no plausible assumption about the rate of illegal immigration could justify such a statement, as we shall see.

The data shown in Figures 1 to 3 demonstrate that immigration into the United States is not an inexorable force, but rather depends upon people perceiving that circumstances in the United States are relatively favorable for new immigrants and for residents. The large

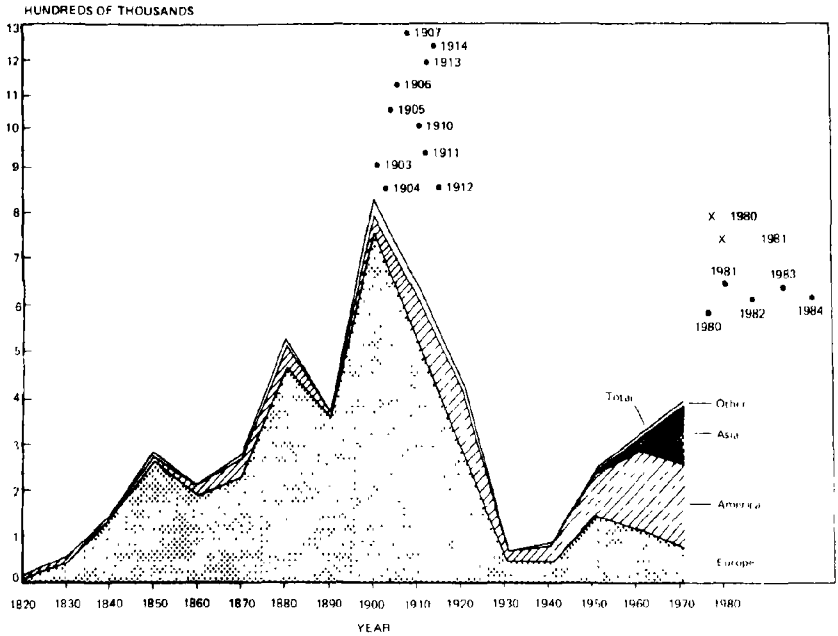
1. For data on illegal immigrants, see Jeffrey S Passel, "Undocumented Immigration," this issue of *The Annals* of the American Academy of Political and Social Science.

2. For a rich country such as the United States, however, emigration as a proportion of immigration overstates the economic importance of emigration because emigrants tend to be older than immigrants, many of the emigrants being persons who immigrated earlier. And a considerable proportion of these remigrants are persons who have retired and are now returning to live in their native land. Hence their emigration does not represent a loss of productive labor power, and it may also reduce the use of social services such as Medicare and transportation for the aged, which is an economic advantage to the United States. Study of this phenomenon would be useful; it is mentioned in Julius Isaac, *The Economics of Migration* (London. Routledge & Kegan Paul, 1947), p. 184.

3. Roger Conner, Fund-raising letter, Federation for American Immigration Reform, n.d., p. 2.

4. Leonard Chapman, Address to the Population Association of America, 1976, p. 2.

FIGURE 1
AVERAGE ANNUAL NUMBER OF U.S. IMMIGRANTS PER YEAR, BY CONTINENT, 1820-1979, PLUS TEN HIGHEST INDIVIDUAL YEARS AND INDIVIDUAL YEARS SINCE 1980



SOURCES: U.S., Department of Commerce, *Statistical Abstract for the United States* (Washington, DC: Government Printing Office, 1981), p. 85; Select Commission on Immigration and Refugee Policy, *U.S. Immigration Policy and the National Interest*, staff report (Washington, DC: Government Printing Office, 1981), p. 85.

scientific literature analyzing the determinants of international and domestic migration shows that the volume of immigration is heavily affected by conditions in the receiving country, and less heavily by conditions in the sending country. (The number of countrymen in the potential receiving country also has a large effect on whether immigrants come[5] and, if they come, where they settle. Distance and the cost of transportation also have important effects, of course.)

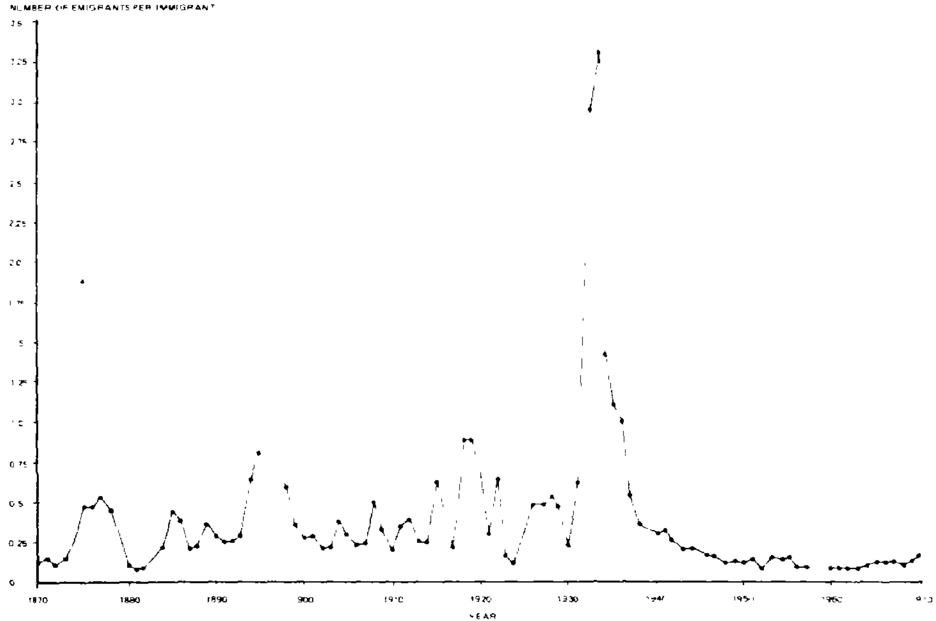
5 Ann P Bartel, "Location Decisions of the New Immigrants to the United States," mimeographed (New York. Columbia University, 1982).

To be meaningful for discussion of immigration policy, a statement about the volume of immigration must be a comparison of some sort. If the comparison is not appropriate, the conclusion can be misleading—and frightening. For example, one frequently comes across statements about the proportion that immigration bears to total population growth. That proportion may seem to be rising, even rapidly, especially if one uses very high estimates of the rate of illegal permanent immigration. For example, The Environmental Fund says:

In 1980, the proportion of U.S. population growth due to natural increase (births minus deaths) was 59%, while population growth

FIGURE 2

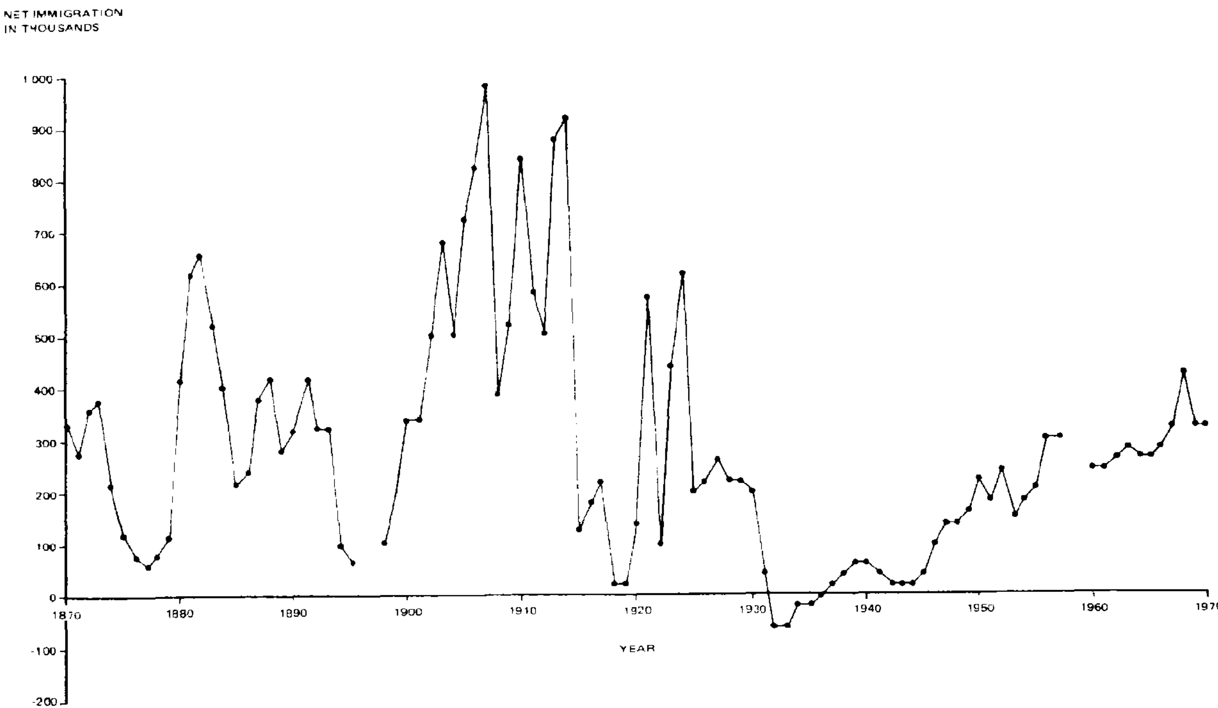
U.S. EMIGRATION AS A PROPORTION OF IMMIGRATION, 1870-1970



SOURCES: Data for 1870-1907 are male steerage departures per male immigrant arrival, originally described in Harry Jerome, ***Migration and Business Cycles*** (New York. National Bureau of Economic Research, 1926), see Thomas Kessner, "Repatriation in American History," in ***U.S. Immigration Policy and the National Interest***, app A, pp. 287-388. Data for 1908-57 are from U.S., Department of Justice, Immigration and Naturalization Service, ***Annual Report*** (Washington, DC: Government Printing Office, various years 1908-57) Data for 1960-70 are originally described in Ada Finifter, "Emigration from the United States An Exploratory Analysis," mimeographed (n.p., 1973); see Jeffrey S. Passel and Jennifer M. Peck, "Estimating Emigration from the United States—A Review of Data and Methods," (Paper delivered at the Annual Meeting of the Population Association of America, Philadelphia, PA 1979).

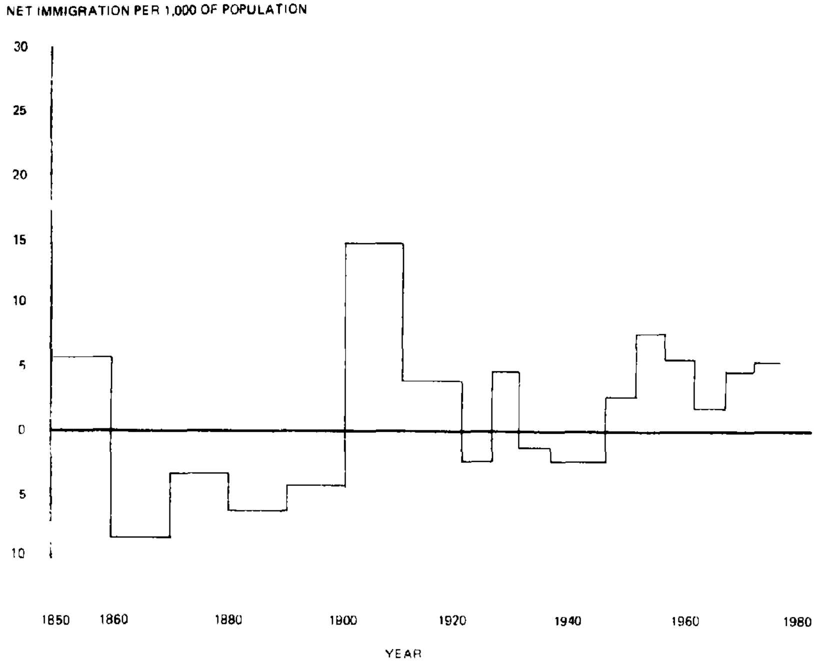
FIGURE 3A

NET U.S. IMMIGRATION, 1870-1970



SOURCES: For data 1870-1907, see Kessner, "Repatriation in American History"; for data 1908-57, see *Annual Report* (various years 1908-57); for data 1960-70, see Passel and Peck, "Estimating Emigration from the United States."

FIGURE 3B
NET CANADIAN IMMIGRATION RELATIVE TO POPULATION, 1851-1980



SOURCES Peter Lindert and Charles Kindleberger, *International Economics*, 7th ed. (New York: Irwin, 1982).

due to net immigration was 41%. By the year 2000, if current levels continue, natural increase would account for only 29% of U.S. population growth and immigration would account for 71%.[6]

And historian of immigration Graham, a member of the Federation for American Immigration Reform's board of directors, writes, "Immigrants now supply half the nation's population growth, the proportion is steadily rising, and at some point, between the year 2000 and 2035, *all* population growth in the United States will derive from immigration."[7]

6. The Environmental Fund, *The Data*, no. 1, p. 1 (May 1982).

7. Otis L. Graham, Jr., in *Center Magazine*, 1978.

Again, unless one assumes there to be a volume of illegal immigration far beyond anything warranted by the scientific literature, which will be discussed later, these statements were far wrong in 1978, when Graham wrote; births that year were 3.3 million, deaths were 1.9 million, and legal immigrants were 0.6 million.[8] Nor could The Environmental Fund's 1982 statement have been anywhere near true even for the peak recent immigration year, 1980, when legal immigration was 0.8 million.[9]

8. U.S., Department of Commerce, *Statistical Abstract of the United States* (Washington, DC: Government Printing Office, 1980), pp 61, 94.

9. For many years, a large proportion of Australia's population increase has come from immigration. From 1946 to 1975, 39 percent of the

Even if the quoted assertions about the proportion of total increase in the United States were correct, such a measure does not tell anything meaningful demographically or economically, because the proportion depends heavily upon native fertility. For example, if the native population were growing by exactly one human being per decade—that is, one person more than zero growth—and exactly one immigrant came, immigration would then account for fully half of the two-person population growth. Two immigrants would then account for two-thirds of growth, and so on. As fertility has fallen in the United States, *immigration inevitably* constitutes a larger proportion of natural increase. This measure is not useful for any demographic-economic purpose I can think of, except to imply quite the opposite of what those who have constructed this comparison have in mind: it shows how much scope there is for immigration to make up a shortfall, in case one worries about low fertility leading to population decline. This comparison is meaningful, however, if one cares about maintaining racial homogeneity (which we must note is no more illegitimate logically than wanting your children to look like you, even if some of the rest of us do not share your concern; morality is another matter). If immigration bears a high proportion to total population growth, there will be a relatively rapid rate of change of population composition by country of origin, assuming that the present composition of immigration differs from that of the native population.

A more meaningful ratio demographically, economically, and sociologically is the flow of immigration as a yearly proportion of the resident population, as seen in Figure 4. Immigrants who arrived in the decade 1901-10 constituted 9.6 percent of the population at the end of that decade; by comparison, those who came in 1961-70 and 1971-80 constituted 1.6 percent and 2.0 percent of the population, respectively. That is, relative to resident population, the rate of gross immigration—which is more relevant from the point of view of absorption problems than is net immigration—*was five or six times greater in the earlier* period than recently.

Another relevant comparison: in 1910, 14.6 percent of the population was foreign-born, but in 1970 only 4.7 percent of the population was foreign-born, and in 1980 it was 6 percent. That is, the recent proportion of foreign-born is less than half of what it was in peak periods in earlier decades.[10] (See Figure 5.)

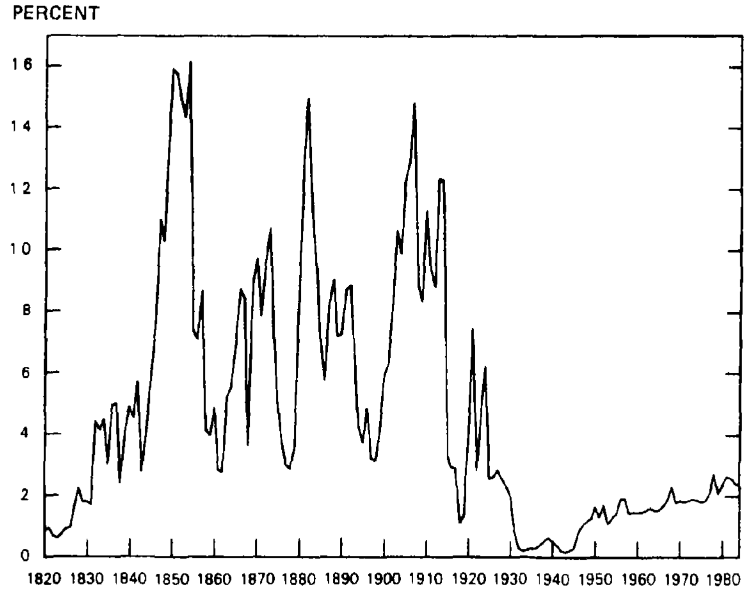
In some flourishing countries there are very high proportions of foreign workers to total workers. (See Figure 6.) (U.S. data are not easily available, and in any case, official data would understate the proportion due to the presence of illegal workers.) The data for Germany are particularly startling when one adds in the numbers of displaced persons, refugees, and immigrants from East Germany into West Germany after World War II. The proportion of the West German labor force that was either

---

total population increase derived from immigration. That is, immigration was almost two-thirds as large as natural increase. *Australian Immigration*, Consolidated Statistics no. 8, 1976, p. 8. Yet this phenomenon has not had any noticeable economic ill effects.

10. The data from 1900 to 1970 are shown in Figure 5. For 1980 data, see U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population* (Washington, DC: Government Printing Office, 1984), vol. 1, chap. D, "Detailed Population Characteristics," pt. 1, P680-1-D1-A, tab. 253.

FIGURE 4
IMMIGRANT ARRIVALS AS A PERCENTAGE OF U.S. RESIDENT POPULATION



SOURCE: Council of Economic Advisers, *Economic Report to the President* (Washington, DC: Government Printing Office, 1985), chart 7-1, p. 216.

foreign or in one of these other categories was 31.5 percent in 1970 and must have been even higher in 1973.[11]

In brief, comparisons of proportions of immigrants to natives, as a flow during any given period and as a stock at any given time, appropriately measure the relative burden upon the native community as a whole, and upon individuals, of absorbing the cohorts of immigrants arriving at particular times. In contrast, absolute numbers of immigrants reveal little of economic interest. Nor does immigration as a proportion of total population growth reveal anything of economic importance, though it may be of interest to those concerned about perpetuation of national and ethnic character. The relevant ratios indicate that the burden of refugee absorption has been relatively low in recent decades.

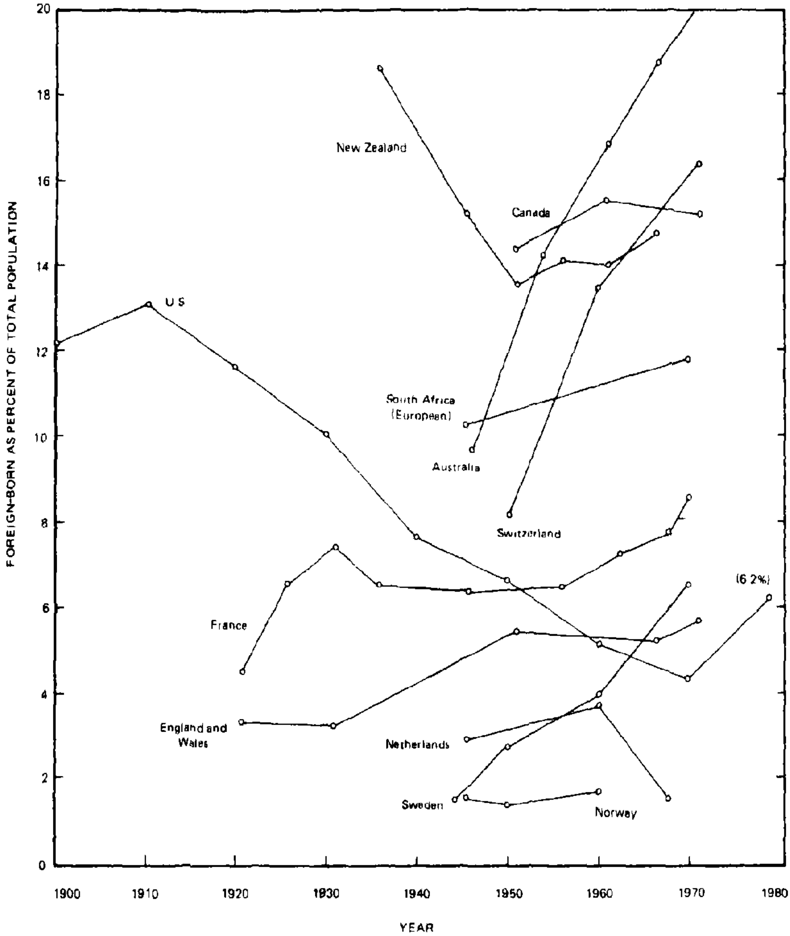
11. Larry Neal, "Immigration: The West German Case," photocopied (Urbana: University of Illinois, 1983), pp. 7, 9.

AGE AND SEX COMPOSITION

From the point of view of U.S. residents, the most important characteristic of immigrants is their age composition. As has been true of immigrants in all times and places, contemporary migrants typically are young adults just beginning their work lives. Their age composition is the key to their economic contribution to the native community, especially because immigrants lighten the burden of supporting the aged through Social Security.

The reasons for the concentration of immigrants in the young-adult ages are easy to discern. Compared to an older person, a young person has before him

FIGURE 5
FOREIGN-BORN AS A PERCENTAGE OF TOTAL POPULATION, IN SELECTED COUNTRIES, 1900-1970

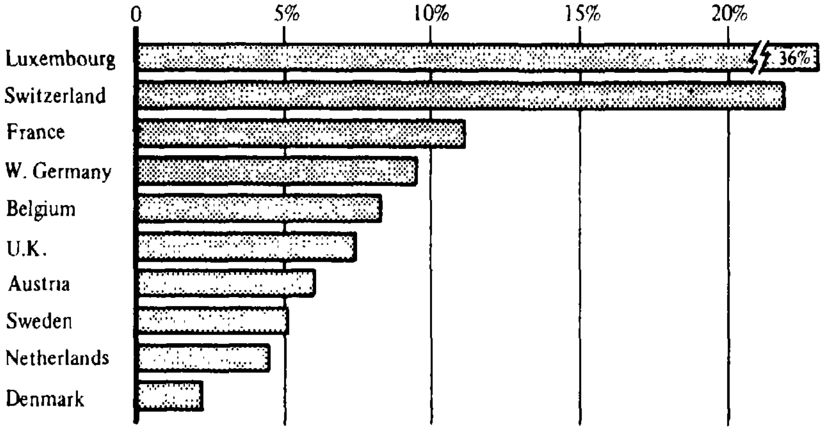


SOURCES: *U.S. Immigration Policy and the National Interest*, p. 3, based on chart from "The Migrants of Human Populations," Kingsley Davis. Copyright © Sept. 1974 by Scientific American, Inc. All rights reserved.

or her more future earning years during which to recoup the costs of the investment in transportation and of learning the ways of a new environment. And an older person has already made various investments in the home country, such as developing a network of personal contacts and developing various other capacities necessary to make a living, that cause the additional costs of earning a living in any future year to be lower for the older person than for the younger person; this is the tyranny of sunk costs, which for psychological reasons often rule with even more rigor than sensible calculations would suggest they should, causing the person to abjure change in personal circumstances.

Let us consider the age-composition data for some representative countries.

FIGURE 6
FOREIGN WORKERS AS PERCENTAGE OF TOTAL EMPLOYMENT IN HOST COUNTRY, 1977



SOURCES: *U.S. Immigration Policy and the National Interest*, p. 24; originally in "International Labor Migration," in *Economic Road Maps* (New York Conference Board, 1980). Reprinted with permission.

United States

The age distribution of legal immigrants is heavily concentrated in the prime labor force years, much more so than is the distribution of the resident population, as Figure 7 shows. The story has been the same throughout U.S. history, as Figure 8 indicates. In earlier years, there was a heavy predominance of males (Figure 9), among whom the labor force participation rate is higher than among females. And if we generalize from the available data for Mexican undocumented workers, illegals are especially concentrated in the prime working ages of 16 to 44; additionally, they are disproportionately male and many are single; married men usually do not take their wives and children with them to the United States.[12]

Experience in other developed countries confirms the U.S. pattern. (One reason why the following examples come only from developed countries is that one of the goods richer countries buy is social science research on the nature of their societies.)

12. See Passel, "Undocumented Immigration."

Canada

Parai found that about 75 percent of immigrants were of labor force age—15 years of age and above—compared to about 60 percent for Canadian-born residents.[13] Among immigrants who came between 1947 and 1972, 52.9 percent were classified as "workers," versus the 33 percent of Canadian-born residents classified as "workers" in the 1961 census.[14] Higher labor force participation among immigrant women than among native women aged 25 to 44 accounted for part of the difference,[15] but the main cause of the higher proportion of "workers" among

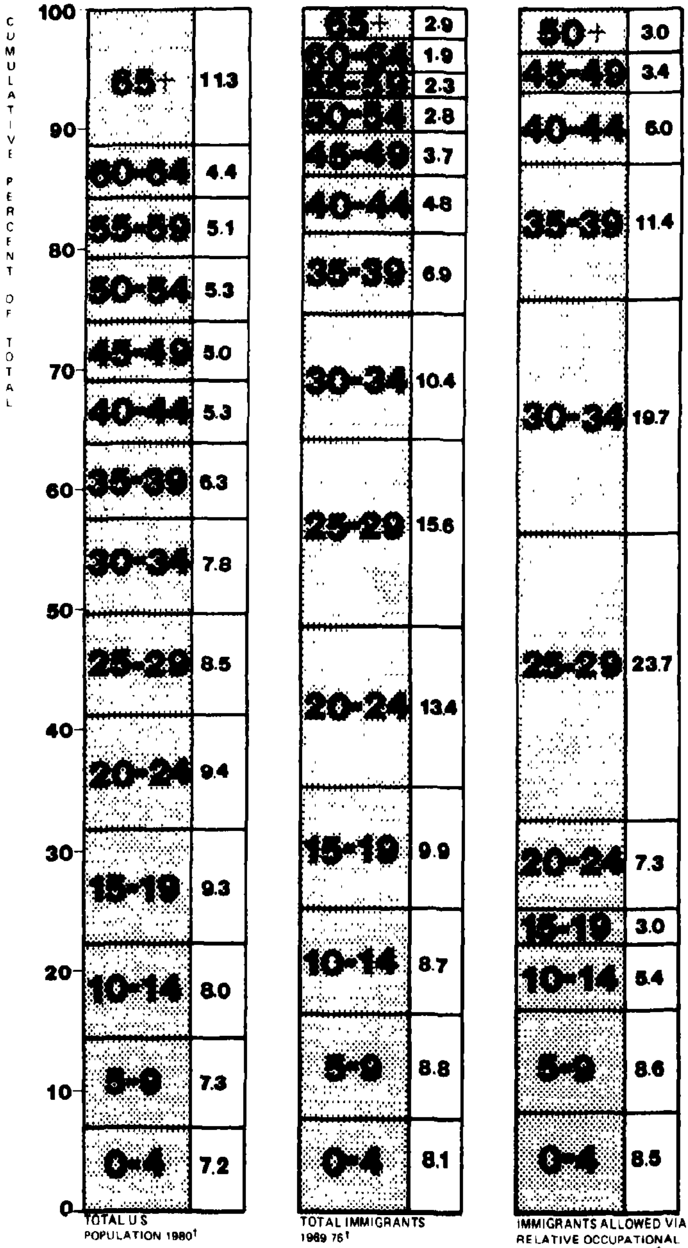
13. Louis Parai, *The Economic Impact of Immigration* (Ottawa: Manpower and Immigration, 1974), p. 43.

14. Ibid., p. 92.

15. Ibid., p. 44.

FIGURE 7

AGE DISTRIBUTION OF TOTAL U.S. POPULATION, TOTAL IMMIGRANTS, AND IMMIGRANTS ALLOWED UNDER OCCUPATIONAL PREFERENCES, 1969-76 AND 1980

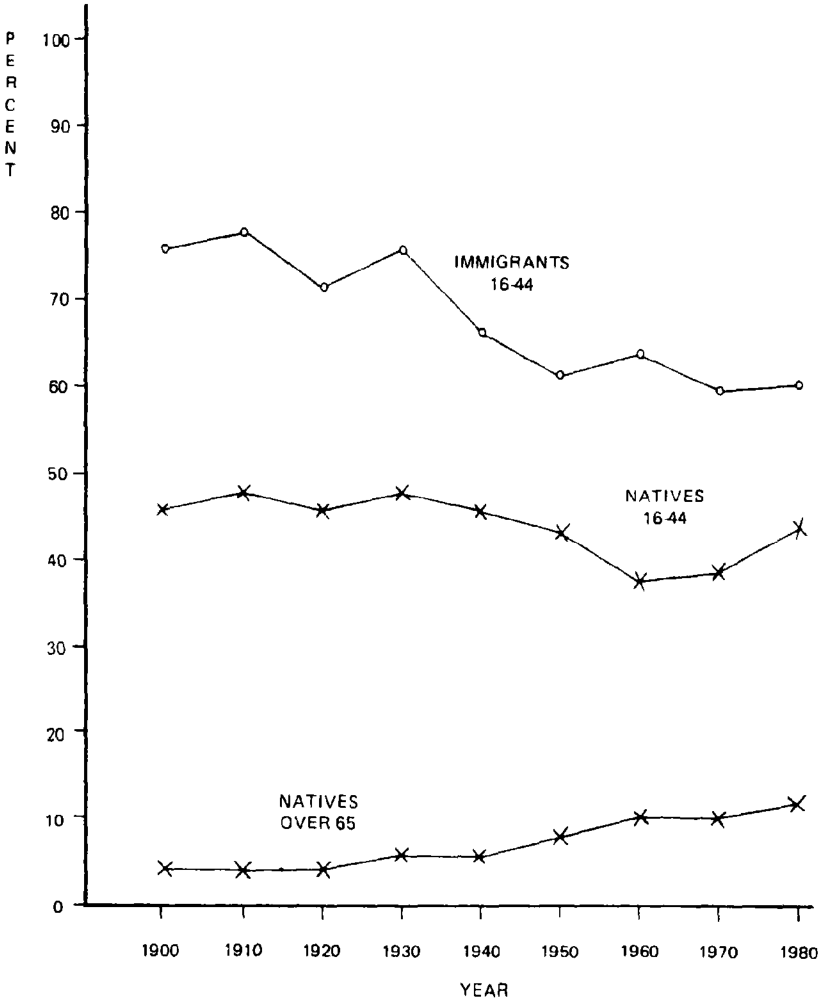


SOURCE: *U.S. Immigration Policy and the National Interest*, app. D, p. 23.

*Ages 50-54 equal 1.7 percent; ages 55-59, 0.9 percent; ages 60-64, 0.3 percent.

†Columns do not sum to 100 percent due to rounding.

FIGURE 8
PERCENTAGE OF U.S. IMMIGRANTS AND NATIVES BETWEEN THE AGES OF 16 AND 44 AND THE PERCENTAGE OF NATIVES OVER 65



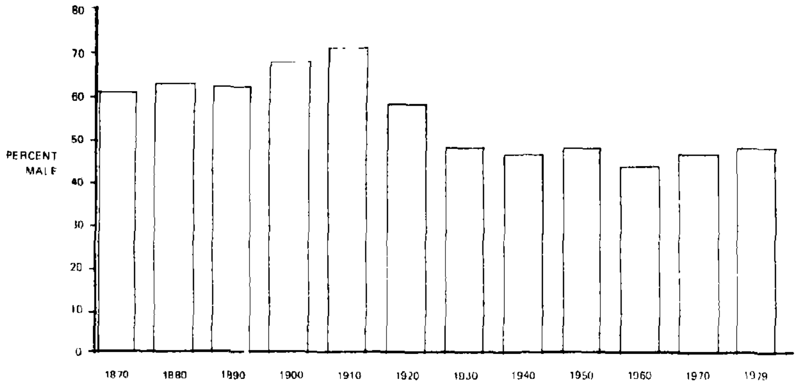
SOURCES: U.S., Department of Commerce, Bureau of the Census, *Historical Statistics, Colonial Times to 1970* (Washington, DC: Government Printing Office, 1975), pp. 10, 112; ***Statistical Abstract***, p. 91.

immigrants was the difference in age distributions.

Great Britain

Among the New Commonwealth immigrants that Jones and Smith studied, the proportion of persons in the prime working ages—25 to 44—was considerably higher than in the population at large: 46 percent versus 26 percent in 1961, and 47 percent versus 25 percent in 1966. The proportion of 44 percent for all immigrants in 1961 is similar to that

FIGURE 9
PROPORTION MALE AMONG U.S. IMMIGRANTS



SOURCES. *Historical Statistics*, p. 112; *Statistical Abstract*, p. 102.

for the New Commonwealth immigrants, confirming that the New Commonwealth immigrants are a fair sample of the larger group. The proportion of immigrants who were 15 to 24 was also somewhat higher among immigrants than among natives, while the proportions zero to 14, 45 to 64, and 65 and over were lower among immigrants.[16]

Israel

Among the Soviet Jews—Israel's largest recent immigration wave, and the group that has been studied most intensively—who came to Israel in 1973, 68 percent were between the ages of 15 and 64, in comparison with 60 percent in the Israeli Jewish population. For the age group 15-44, the percentages favored Soviet Jewish immigrants 47 percent to 42 percent. The differences arise chiefly from the smaller proportion of children among the Soviet Jews. The Soviet Jewish immigration contained a slightly larger proportion of persons over 65 than found among the Israeli Jewish community, 10.5 percent versus 7.3 percent. This unusual characteristic for a wave of immigration was due to the Soviet Union's policy of allowing many elderly persons to leave in order to save on their pensions.

Australia

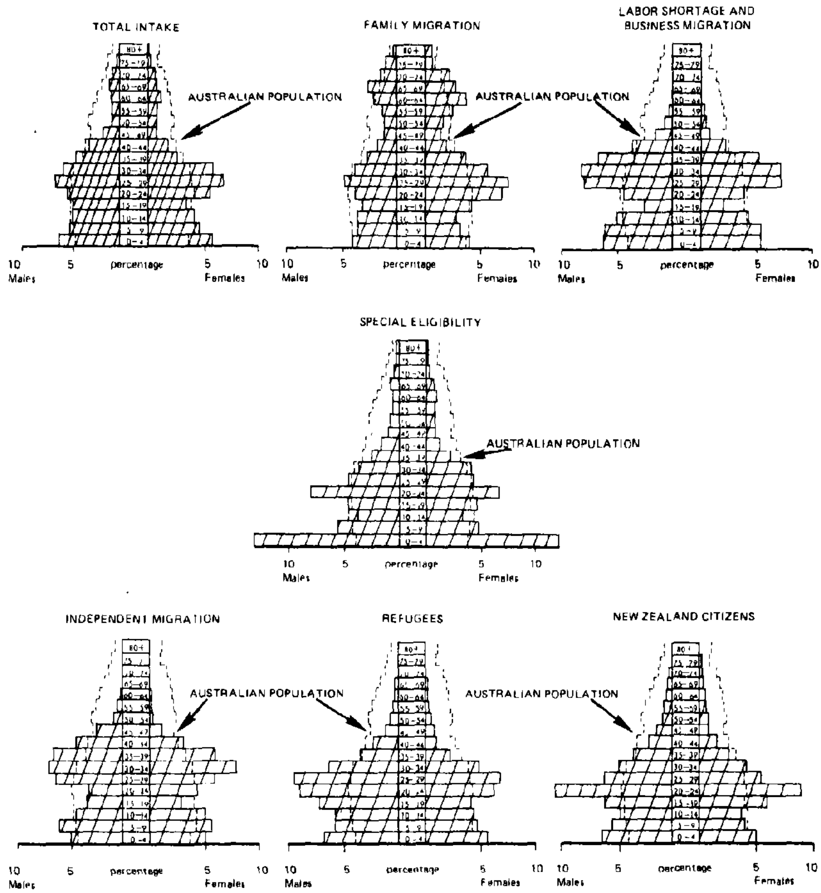
Goddard, Sparkes, and Haydon have provided a useful comparison of the age compositions of immigrants and natives in Australia.[17] In the top left diagram in Figure 10, the bars representing immigrants are wider in the prime labor force years and narrower in the late middle-aged years than are the bars representing natives.

Goddard, Sparkes, and Haydon also divide total immigration into the groups that arrive in various admission categories—categories that correspond closely to U.S. preference categories, except for

16. Kip Jones and A. D. Smith, *The Economic Impact of Commonwealth Immigration* (Cambridge: Cambridge University Press, 1970), p. 19.

17. R. F. Goddard, L. H. Sparkes, and J. A. Haydon, *Demographic Consequences of Immigration*, pub. no. VBPO641 (Melbourne: Committee for the Economic Development of Australia, ca. 1984).

FIGURE 10
AGE AND SEX DISTRIBUTION OF AUSTRALIAN SETTLER ARRIVALS BY INTAKE CATEGORY, 1982-83



SOURCE R. F. Goddard, L. H. Sparkes, and J. A. Haydon, *Demographic Consequences of Immigration*, pub. no. VBP0641 (Melbourne: Committee for the Economic Development of Australia, ca. 1984), p. 14.

the "special eligibility" category, which is a small hodgepodge including children of Australian citizens born abroad. The middle top diagram in Figure 10 shows that migrants who arrive in order to reconstitute families do not have a favorable age distribution relative to natives. And to the extent that female immigrants have a lower rate of participation in the labor force than do males—as discussed later—immigrants in this category also do not have a favorable sex distribution, though, of course, the relatively high proportion of females in the nubile ages cannot be considered separately from the age and sex distribution in the other categories.

The top right diagram in Figure 10 shows the age distribution of immigrants who are admitted on the grounds

that their occupations, including entrepreneurs, are in high demand. Such persons are concentrated in the 30-45 age brackets. Much the same is the case with the "independent" migration (bottom left of Figure 10) people "who have outstanding achievements in an occupation which is not necessarily in demand"; it takes some years of adulthood to attain such status, which explains their higher ages than other economic immigrants.

The "labor-shortage" and "independent" groups are young but not as young as immigrants who come from the places that are entitled to enter Australia as through an open door, with "no preference restriction." This may be seen in the bottom right diagram of New Zealand citizens, who may enter Australia freely; they are concentrated heavily in the 20-25 age bracket. The New Zealand pattern presumably is as close as one can get to a modern immigration totally free of special requirements, though it probably is somewhat more heavily weighted in the older age categories than would be a totally free immigration from poorer countries, because the age pyramid in New Zealand is much less heavily skewed toward the young ages than is the pyramid in poorer countries.

The age distribution of refugees (middle bottom, Figure 10) is particularly interesting because it contradicts the common idea that refugees are less desirable immigrants than are "economic" immigrants. To the extent that economic desirability depends upon age, the refugees admitted to Australia are seen to be relatively desirable, though not so much as the wholly free immigration from New Zealand.

The pattern of immigrant labor force participation within age and sex categories reinforces the effect of age composition of immigrants. Data on labor force participation are dealt with later on.

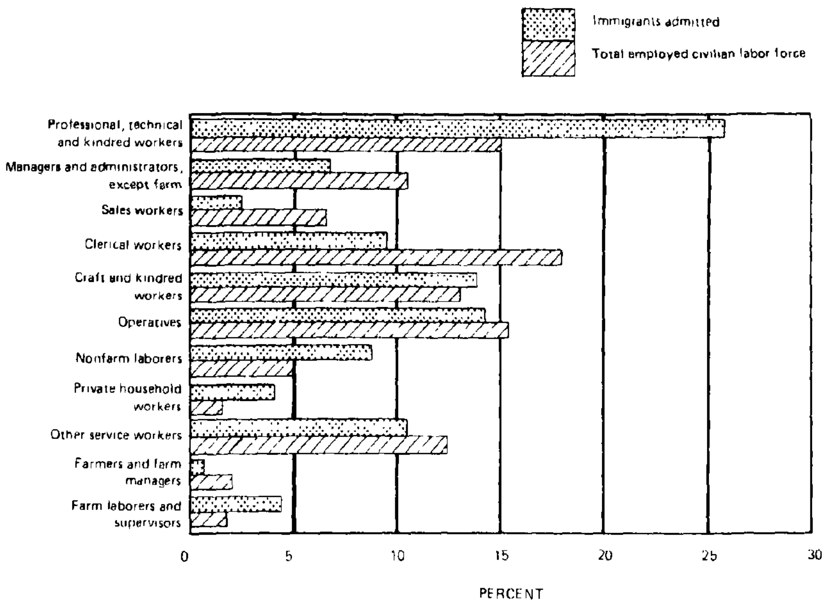
EDUCATION AND OCCUPATIONAL SKILL

The distribution of immigrants by skill, as measured by education and occupation—a factor commonly but infelicitously referred to as the "quality" of the immigrants—strongly influences the immigrants' effect upon natives through their earnings as well as through a variety of other channels. Immigrants' earnings largely determine their tax contributions and also have a very strong effect on the amounts of transfer payments that they receive. Other effects of skill and knowledge—such as the amount of innovation immigrants cause to happen, the extent to which coworkers are able to learn from them, and the way they function as citizens—are harder to document, but probably are very important also.

A common belief is that immigrants are poor in the sense of not having much all-important human capital in the form of education. For example, W. Fogel writes, "Hundreds of thousands of people—most of them poor—are now immigrating to the United States."[18] This is wrong. Contemporary immigrants have a bimodal educational and occupational distribution relative to natives. That is, immigrants are found in slightly larger proportions in the lowest-level laboring occupations and in the highest-level professional occupations than are natives. But in the high-level occupations the difference is large and important. In 1980, 16.1 percent of employed natives were professionals and technical workers; the corresponding figure for immigrants who

18. Walter A. Fogel, in flyer, Center for the Study of Democratic Institutions, 1978.

FIGURE 11
OCCUPATIONAL DISTRIBUTION OF U.S. IMMIGRANTS AND OF ALL EMPLOYED CIVILIAN WORKERS, 1975



SOURCE: U.S., Department of Commerce, Bureau of the Census, *Social Indicators* (Washington, DC: Government Printing Office, 1976).

entered between 1971 and 1979 was 26 percent; in 1970 the figure for natives was 14.2 percent, whereas it was 23 percent for immigrants between 1961 and 1970. That is, a much larger proportion of immigrants than natives are in professional and technical occupations.[19] Figure 11 shows the comparative pattern for the year 1975. This paragraph refers to all permanent immigrants, legal and illegal. Given the relative size of net illegal immigration—perhaps one-third or less of legal immigration, and perhaps zero[20]—their educational and occupational distribution apparently is not such as to falsify the statements in this paragraph.

We may also compare the average educational level of the immigrants arriving each year with that of the stock of native workers, not holding any factors constant. Such a comparison tells us whether immigrants on balance raise or lower the educational level of the U.S. labor force and its average productive capacity.[21] Adult immigrants who arrived between 1965 and 1974 had three-quarters of a year less education on average than the average of natives in the labor force. Before 1965 the amounts of education were probably about equal

19. *Statistical Abstract* (1981), pp. 89, 401.

20. See Passel, "Undocumented Immigration."

21. Data come from the 1976 Survey of Income and Education, conducted by the U.S. Bureau of the Census. For information on this survey and how the data are used, see Julian L. Simon, "What Immigrants Take from, and Give to, the Public Coffers," in *U.S. Immigration Policy and the National Interest*, by Select Commission on Immigration and Refugee Policy (Washington, DC: Government Printing Office, 1981), app. D.

for immigrants and the stock of natives, but there were probably somewhat larger proportions of immigrants in the highest education categories, in accord with the data on recent occupational distribution presented previously.

A similar pattern may be seen for Canada in Table 1. Among immigrants who arrived between 1946 and 1961, the proportions in professional and technical and skilled work were far greater than the overall proportion of immigrants in the population, 12.4 percent. And in Table 2 we see that the proportions of both Asian and U.K. immigrants who arrived after 1960 with more than secondary schooling are vastly larger than the proportion of the stock of the Canadian-born. The high proportion of immigrants from the United Kingdom with advanced training other than university training is of particular interest, since it is likely to indicate technical skills. And the decline of university training among the Asians from the earlier to the later period—though it was still high in the later period—probably was a result of many more persons in the labor group arriving via family reconstitution rather than via the point system, and perhaps there was some influence of Vietnamese refugees, too.

A similar pattern may also be seen for Australia in Table 3. Miller shows this pattern for South Australia even when the data are adjusted for age.[22] He also shows similar average amounts of education for natives and immigrants in South Australia. Not only does the stock of immigrants contain a share of educated persons larger than among natives, but the most recent cohort also contains a much larger share than the share among natives. And as in the United States, the Australian distribution is somewhat bimodal, the proportion of immigrants apparently being greater—or at least not smaller—at the lowest educational levels, too, than among natives.[23]

Another interesting piece of Australian evidence. A survey of General Eligibility Migrants—those who are not refugees or relatives of persons already in Australia—showed the following proportions in the various worker codes: professional and technical, 29 percent; skilled metal and electrical, 28 percent; skilled mining, building and construction, and other, 15 percent; clerical, commercial, 14 percent; semiskilled, 8 percent. This is an astonishingly desirable occupational profile, due to the economic criteria used in selecting this group.[24]

Particularly interesting is that even throughout the early history of the United States, immigrants did not arrive with less education than natives had—contrary to popular belief and contrary to the famous poem by Emma Lazarus at the base of the Statue of Liberty.

Give me your tired, your poor,
Your huddled masses yearning to breathe free,

22. Paul W. Miller, "The Impact of Immigration on the South Australian Labor Market: An Analysis of the 1976 Census," in "The Impact of Recent Immigration on the South Australian Labor Market," by David S Harrison (Report, Committee for the Economic Development of Australia, 1983).

23. Monica Boyd, "The Double Negative: Female Immigrants in the Canadian Labour Force" (Paper delivered at the Annual Meeting of the Population Association of America, Denver, CO, Apr. 1980), p. 2.

24. Northage & Associates Pty. Ltd., "General Eligibility Migrants: Settlement Experience and the Utilization of Services" (Report, Australian Population and Immigration Research Program, 1983).

TABLE 1
OCCUPATIONAL DISTRIBUTION OF CANADIAN POSTWAR IMMIGRANTS AS OF 1961 RELATIVE TO TOTAL LABOR FORCE

Occupation	1946-61 Immigrants at Percentage of the Total at 1961 Census
Professional and technical	
Engineers. Civil	25.3
Chemical	20.6
Electrical	25.1
Mechanical	32.9
Professors and college principals	16.0
School teachers	4.7
Physicians and surgeons	19.2
Dentists	4.9
Graduate nurses	13.0
Lawyers and notaries	3.0
Architects	34.5
Skilled workers	
Plumbers and pipe fitters	12.7
Sheet metal workers	17.1
Bricklayers, stonemasons, tile setters, cement and concrete finishers	45.4
Carpenters	16.5
Plasterers and lathers	31.1
Painters, paper hangers, glaziers	22.4
Aircraft mechanics and repairmen	23.0
Motor vehicle mechanics and repairmen	13.6
Toolmakers and diemakers	36.0
Barbers, hairdressers, manicurists	20.9
All occupations	12.4

SOURCE Louis Parai, *The Economic Impact of Immigration* (Ottawa Manpower and Immigration, 1974), tab. A-12, p 106.

The wretched refuse of your teeming shore.
Send these, the homeless, tempest tossed, to me:
I lift my lamp beside the golden door.

And of course the same belief led to very different recommendations when the belief was held by another sort of person:

Wide open stand our gates
And through them passes a wild motley throng. . .
O Liberty, white Goddess! is it well
To leave the gates unguarded?[25]

Hill calculated a measure of the "labor force quality" of immigrants relative to that of natives, roughly equivalent to a percentage.[26] The estimates are: for 1870, 0.97—for example, in that year immigrants had 97 percent of the labor force "value" of natives; for 1880, 0.99; 1890, 0.95; 1900, 0.97; 1910, 0.95; 1920, 0.93. And according to Hill's analysis of the wages and occupations in censuses and

25. Thomas Bailey Aldrich, quoted in "A Wild Motley Throng: Immigrant Expenditures and the 'American' Standard of Living," by R. J. Morrison, *International Migration Review*, 14: 342-56 (Fall 1980).

26. Peter J. Hill, "Relative Skill and Income Levels of Native and Foreign-Born Workers in the United States," *Explorations in Economic History*, 12:47-60 (1975).

TABLE 2
EDUCATIONAL ATTAINMENT OF ASIAN- AND U.K.-BORN CANADIAN IMMIGRANTS, BY SEX AND PERIOD OF IMMIGRATION, AND OF THE CANADIAN-BORN POPULATION, 1981

			Population Aged 15 and Over Educational Attainment (percentage)				
Sex and Period of Immigration	Immigrant Group	Number	Elementary	Secondary	Non-university*	University	Total post-secondary
Male							
All immigration periods†	Asian	239,210	13.3	29.1	16.2	41.4	57.6
	U.K.	387,950	11.6	33.0	32.9	22.4	55.3
1960-69	Asian	46,425	6.7	22.1	17.8	53.5	71.3
	U.K.	90,175	2.1	36.4	35.7	25.7	61.4
1970-74	Asian	66,605	7.5	25.6	16.8	50.0	66.8
	U.K.	32,165	2.2	32.5	41.5	22.8	64.3
1975-79	Asian	68,080	13.0	32.3	16.8	37.9	54.7
	U.K.	26,090	2.9	27.5	45.4	24.2	69.6
	Canadian-born	7,387,060	18.9	40.5	23.7	17.0	40.7
Female							
All immigration periods†	Asian	235,840	23.7	30.9	15.8	29.6	45.4
	U.K.	449,465	15.9	47.9	24.4	11.8	36.2
1960-69	Asian	46,510	18.4	26.7	18.9	36.0	54.9
	U.K.	93,610	3.2	51.1	30.0	15.8	45.8
1970-74	Asian	61,340	16.6	29.5	17.4	36.5	53.9
	U.K.	32,010	4.0	49.3	32.2	14.4	46.6
1975-79	Asian	76,205	24.4	32.6	14.6	28.4	43.0
	U.K.	26,830	4.9	48.4	33.7	13.0	46.7
	Canadian-born	7,638,180	18.4	45.9	22.2	13.4	35.6

SOURCE K. G. Basavarajappa and Ravi B. P. Verma, "Asian Immigrants in Canada Some Findings from 1981 Census," *International Migration*, tab. 4 (in press); originally from Statistics Canada, *1981 Census of Canada*, special tabulations.

*Includes college diploma, trade certificate, and so forth

†Includes also immigrants who arrived before 1960 and during 1980-81.

TABLE 3

AUSTRALIAN CIVILIAN LABOR FORCE BORN OVERSEAS: EDUCATIONAL ATTAINMENT AND PERIOD OF ARRIVAL, NOVEMBER 1974 (Percentage)

	Percentage of Total Excluding Those Still at School						
	Born overseas						Born in Australia
MALES Educational attainment	Arrived before 1960	Arrived 1960-69	Arrived 1970-November 1974	Main English-speaking countries (p)	Other overseas countries	All overseas countries	
With post-school qualifications							
Degree level	5 1	4.5	7 3	6.0	4.8	5.3	4.3
Nondegree tertiary	4.4	3.5	5.7	6.5	2.8	4.3	4.5
Technician level	6.4	6.0	5.7	7.6	5.1	6.2	5.0
Trade level	21 6	21.2	16.7	20.1	20.9	20.6	16.8
Other	2.9	2.9	2.7	4.2	2.0	2.9	2.6
(Total) (y)	(40 5)	(38 1)	(38.1)	(44 4)	(35.6)	(39.2)	(33.2)
Without post-school qualifications							
Matriculation, n.e.i	4 7	5 6	7 9	6 0	5.4	5.6	4.8
Left school at:							
17 years or over	7.7	6.0	9.5	6.3	8.3	7 4	6.6
16 years	9.0	9 6	8.5	10.3	8.3	9.1	12.6
14 or 15 years	24.2	26.1	26.3	30 3	21.7	25.2	37 3
13 years or under	13 8	14.7	9 7	2 8	20.9	13.4	5 5
Still at school	—	—	—	—	—	—	—
Total excluding those still at school	100 0	100.0	100.0	100.0	100.0	100.0	100.0

(continued)

TABLE 3 CONTINUED

FEMALES Educational Attainment	Percentage of Total Excluding Those Still at School — Born overseas: Arrived before 1960	Arrived 1960-69	Arrived 1970-November 1974	Main English-speaking countries (p)	Other overseas countries	All overseas countries	Born in Australia
With post-school qualifications (y)							
Degree level	2.9	2.8	6.4	4.2	3 2	3.6	2.6
Nondegree tertiary	5.6	4 7	6.7	6 9	4 5	5.5	5.5
Technician level	7 8	7.1	7 3	9.2	6.0	7.4	7.8
Trade level	2.8	2.5	3.2	2.2	3.2	2.8	1.5
Other	8.6	7 6	9 0	9.8	7 2	8.3	8.1
(Total) (y)	(27.6)	(24.7)	(32 8)	(32.3)	(24 2)	(27.7)	(25.4)
Without post-school qualifications (y)							
Matriculation, n.e.i.	5 2	6.1	7 9	6.8	5 7	6.2	4.0
Left school at.							
17 years or over	7.8	6.7	9.2	5.1	9.8	7.7	6.4
16 years	10.3	9.5	10.4	11 3	9.1	10.1	17.6
14 or 15 years	34.1	34.5	28.8	42.8	25.6	33.1	43.0
13 years or under	14.8	18 4	10 9	1.8	25.7	15.2	3.5
Still at school	—	—	—	—	—	—	—
Total excluding those still at school	100.0	100.0	100 0	100.0	100.0	100.0	100.0

SOURCE: David S. Harrison, "The Impact of Recent Immigration on the South Australian Labour Market" (Report, Committee for the Economic Development of Australia, 1983), tab 7; originally in Australian Bureau of Statistics, *Migrants in the Labor Force: 1972-1976,* 1977, pp. 13-14.

other data sources[27] covering the period 1840-1920, but with special emphasis on the decade just before the turn of the century,

> almost all the empirical evidence leads one to a conclusion in direct opposition to that reached in most of the historical literature . . . immigrants, instead of being an underpaid, exploited group, generally held an economic position that compared very favorably to that of the native born members of the society.[28]

Another way to measure the economic "quality" of immigrants is according to their earnings, which are an indication of their productive capacity as judged by the market. As Chiswick and others have shown, within a few years in the United States, the average contemporary immigrant male head of a family comes to earn more than does the average native male head of a family.[29] Of course, much of this superior earnings performance, and the relatively high education level, is due to the simple fact that immigrants migrate when they are young, and education levels have been rising all over the world. It is hard to overestimate the importance of the age distribution among immigrants, which is the source of so many of their economic effects.

COUNTRIES OF ORIGIN

The national origins of immigrants have little or no economic implications for natives once immigrants' education and occupation are taken into account. Differences in economic performance related to ethnic origin are relatively small by any measure that I would consider meaningful. There may be some difference in the first generation between, say, Japanese and Haitians, but such differences tend to disappear after the first generation. A likely explanation for some of the differences is the distance that one must travel to reach the United States, together with the political possibility of being able to return. The effect of distance may be seen in the 1979 naturalization rates of neighbor countries versus the Philippines and Korea. For the typical 1967 cohort, the rates were: Canada, 8.4 percent; Mexico, 4.8 percent; Korea, 74.3 percent; Philippines, 79.9 percent.[30] These factors may explain the only reasonably large difference in performance, that between Mexicans and others.

Despite the lack of economic importance of the matter, readers are likely to be interested in the ethnic composition of immigrants. The continents from which they have come are shown in Figure 12 and also in Figure 1. The change in the immigration law in 1965 led to a major shift in pattern.

LABOR FORCE PARTICIPATION OF IMMIGRANTS AND NATIVES

Because the data in this section—as well as many data in the other sections to follow—are derived from a wide assortment of countries, the mix of immigrants by age, education, and by category of entrance—family reconstitution, needed skills, and so forth—differs from country to country. Ideally these background characteristics would be held constant for better comparisons,

27. Ibid.

28. Ibid., p. 48.

29. Barry R. Chiswick, "The Economic Progress of Immigrants: Some Form Apparently Universal Patterns," in *Contemporary Economic Problems, 1979,* ed. William Fellner (Washington, DC: DEL, 1979).

30. *U.S. Immigration Policy and the National Interest*, p. 264.

and it is hoped that research along these lines will take place in the future. Now the best we can do is to keep these problems in mind as we draw conclusions from the available data.

The differences in age composition discussed earlier are important mainly because of the effect that they have upon labor force participation. But even within particular age-and-sex categories there often are differences between immigrants and natives; this is especially true among women, where there is more slack for group differences to appear. Among men, the overwhelming proportion in the prime years are in the labor force for natives as well as for immigrants, and hence there is little possibility of group differences. In the youngest and oldest male age brackets, where there is possibility of variation, however, immigrant participation tends to be higher than among natives.

The available data do not always permit a comparison within age groups; often they lump together the age composition and the participation rates. All the data that are readily available will be presented, because all help illuminate the general issue at hand. These data should be understood as reinforcing the data on age composition in showing relatively high proportions of working persons among the immigrant populations.

United States

Historically, larger proportions of women and young persons at each age have been in the labor force among immigrants than among natives. This may be seen in Hill's table for 1890. (See Table 4A.) Additional evidence comes from Table 4B, which shows that this effect, together with age-compositional effects, led to much higher overall participation rates among immigrants than among natives.

Contemporary data do not show the same pattern, however. Rather, the labor force proportions among the foreign-born, natives of native parentage, and natives with at least one foreign-born parent are similar (see Table 5).

Canada

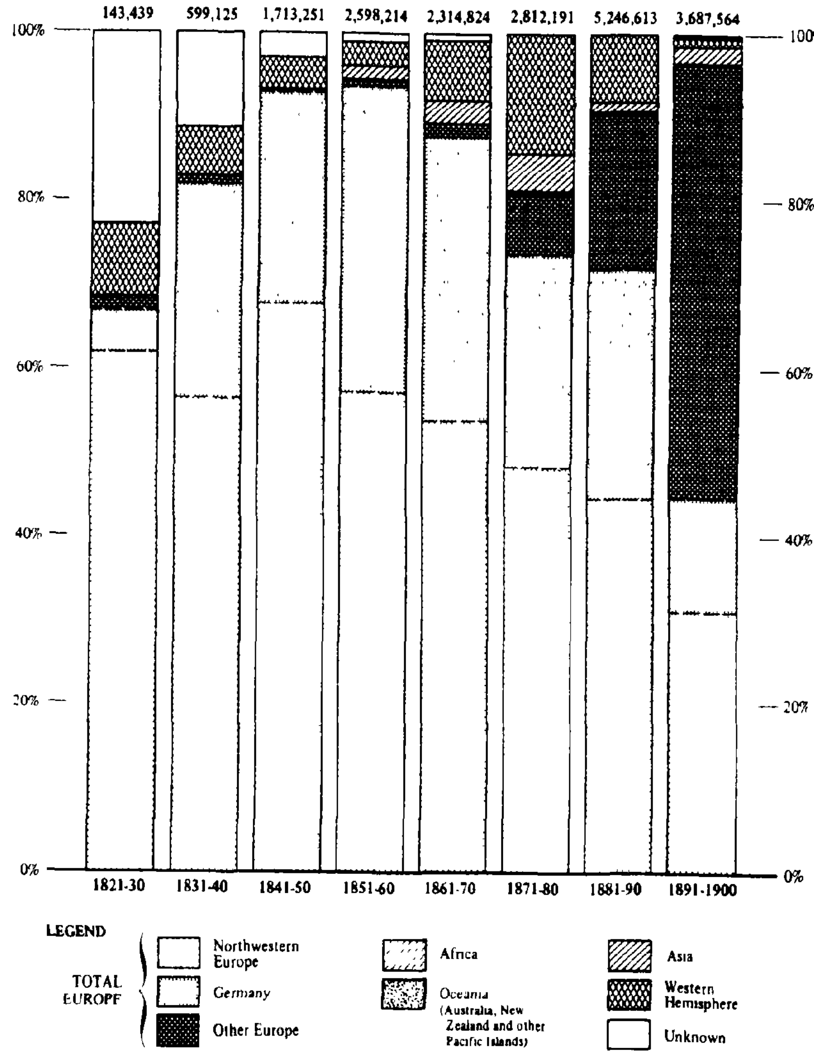
Many more data are available for Canada than for the United States, and for the purposes at hand the Canadian situation may be considered similar to the U.S. situation. Since World War II, markedly higher labor force participation is seen for immigrants than for natives in every age-sex category (Table 6). Overall age-adjusted participation rates for the Asian and U.K. immigrant groups that entered during various periods (see Table 7) reveal little difference among males between those groups and the Canadian-born; among females, participation is higher among the immigrants, even the most recent immigrants.

Even the children of foreign-born parents have a higher rate of labor force participation than do the children of Canadian-born parents; age-standardized data are shown in Table 8. Having one Canadian-born parent is correlated with the highest labor force participation rate of all; this observation is verified by the similarity of patterns for males and females in each area shown.

Israel

Whereas in the early 1970s some 53 percent of the civilian Israeli population aged 18 and over was in the labor force, about 65 percent of the immigrant Soviet Jews in that age group were in the labor

FIGURE 12
THE ORIGINS OF U.S. IMMIGRATION, BY REGION, 1821-1979



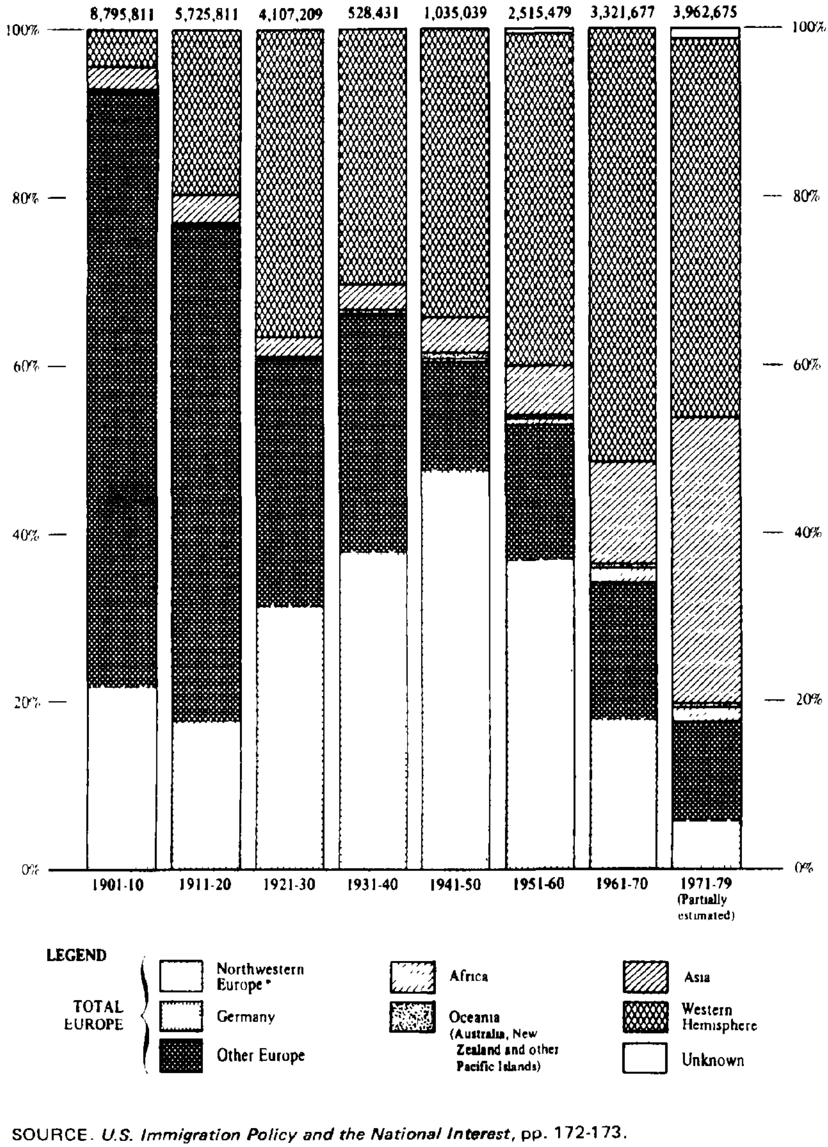
SOURCE: *U.S. Immigration Policy and the National Interest*, pp. 172-73.

force two years after their arrival. (During the period of adjustment up to that two-year point, fewer of the Soviet Jews had yet entered the labor force.) That is, a fifth more of the Soviet Jewish immigrant adults were in the labor force than among the existing Israeli Jewish population—which is a huge difference in economic terms.

Great Britain

Partly because the immigrants included a disproportionate number of

FIGURE 12 CONTINUED



SOURCE. *U.S. Immigration Policy and the National Interest*, pp. 172-173.

males, Jones and Smith found that "72% of coloured adults were economically active compared with only 62% of the [adult] British population."[31]

31. Jones and Smith, *Economic Impact of Commonwealth Immigration*, p. 30.

Australia

The pattern for Australia as of 1977, as seen in Table 9, is similar to those patterns for other countries mentioned earlier. Women immigrants of ages 25 to 54 participate in the labor force consider-

TABLE 4A
U.S. LABOR FORCE PARTICIPATION RATES BY AGE, 1890 (Percentage)

	Native White with Native Parents		Native White with Foreign or Mixed Parents		Foreign-born	
Age	Male	Female	Male	Female	Male	Female
10 to 14	7.4	2.5	7.6	3.7	15.6	9.8
15 to 19	49.4	15.8	63.8	33.7	81.7	58.8
20 to 24	89.2	19.9	92.6	36.6	96.6	45.4
25 to 34	97.1	11.4	97.2	19.2	98.3	19.8
35 to 44	97.6	9.2	97.7	12.1	98.3	12.0
45 to 54	96.2	9 8	95.4	10.9	97.0	10.5
55 to 64	93.1	9 9	91.6	10.7	91.4	9.4
65 and over	74.2	6.7	71.7	7.2	69.0	6.1
Age unknown	69.2	22.2	73.3	31.1	90.0	37.6

SOURCE. Peter J. Hill, "Relative Skill and Income Levels of Native and Foreign-Born Workers in the United States," *Explorations in Economic History*, 12, tab 23 (1975).

TABLE 4B
U.S. LABOR FORCE PARTICIPATION RATES, NATIVE AND FOREIGN-BORN, 1870-1920 (Percentage)

Year	Foreign-born	Native
1870	46.6	29 7
1880	52 3	32 0
1890	55.2	32.8
1900	57.8	35.5
1910	57.8	36 7
1920	55.6	36.9

SOURCE· Hill, "Relative Skill and Income Levels," p 11

ably more than do native women of the same ages. And older immigrant men—those aged 55 to 59 and especially those aged 60 to 64—participate more than do native men.

The overall age-adjusted participation rates show much the same patterns for native and immigrant males in 1972, 1976, and 1981. But for women the age-adjusted participation rates are significantly higher for the overseas-born, with married females being the cause of most of the difference; as Australian-born women moved more heavily into the labor force between 1972 and 1981, however, the difference between natives and immigrants narrowed somewhat.[32]

Table 10 contains data for the immigrant group broken both by age and by length of time in Australia. It shows much lower labor force participation rates for immigrants in Australia less than two years than for those longer in Australia, but after the two-year mark the rates for immigrants are in many cases higher than for natives in the older ages and for women. Please note the small sample sizes for the immigrant groups, which make particular cell estimates unreliable, especially cells close in the table to other cells having less than 25 observations and therefore without estimates.

32. Stephen Baker, "Migrants in the Australian Labour Market 1972-1983: An Analysis of Participation and Unemployment" (Unpublished document, Bureau of Labour Market Research, Australia 1984), tab. A4-2.

TABLE 5
U.S. LABOR FORCE PARTICIPATION RATES FOR IMMIGRANTS, NATIVES, AND NATIVE CHILDREN OF FOREIGN-BORN PARENTS BY SEX, 1970 (Percentage)

Age	Males			Females		
	Native of native parentage	Foreign-born	Native of foreign or mixed parentage	Native of native parentage	Foreign-born	Native of foreign or mixed parentage
	Percentage in Labor Force					
14 to 24	53	57	53	38	43	41
25 to 44	94	94	96	48	46	46
45 to 64	86	88	90	47	47	49
65 to 74	31	32	34	14	12	14
	Employed Persons as Percentage of Civilian Labor Force					
14 to 24	91	93	92	91	94	93
25 to 44	97	97	97	95	95	96
45 to 64	97	97	97	97	95	96
65 to 74	96	94	95	96	94	95
	Unemployed Persons as Percentage of Civilian Labor Force					
14 to 24	9	7	8	9	6	7
25 to 44	3	3	3	5	5	4
45 to 64	3	3	3	3	5	4
65 to 74	4	6	5	4	6	5

SOURCE: Adapted from U.S., Department of Commerce, Bureau of the Census, *National Origin and Language*, pub. PC2-1B app. to *1970 Census of Population* (Washington, DC: Government Printing Office, 1973), tabs. 6, 7, pp. 36, 46.

Among males in Australia less than two years and not in the labor force as of June 1981, 60 percent were attending an education institution, indicating that low participation was not due to inability to find a job. And of that group, 58 percent had been in residence less than one year, an indication of increase in participation within the two-year period.[33] The fact that 40 percent of this group had poor English is further explanation of the observed low rate of participation; it should be noted that normal economic immigrants tend to arrive with good English, unlike the refugees who constituted a considerable part of this sample.

The data for multiple job-holding in Table 11 show a mixed pattern by arrival data, with generally lower rates for immigrants than for natives, which runs against the general tenor of the other data presented here.

Summary

The similarity in patterns of labor force participation among these countries of immigration is striking. This consistency provides confidence that the experiences are sufficiently alike so that

33 Paul A. Inglis and Thorsten Stromback, "A Descriptive Analysis of Migrants' Labour Market Experience" (Unpublished document, Bureau of Labour Market Research, Australia, 1984), p. 14.

TABLE 6
CANADIAN CURRENT EXPERIENCED LABOR FORCE PARTICIPATION (CELF) RATES FOR SELECTED AGE-SEX COHORTS OF THE 1946-60 POSTWAR IMMIGRANTS (PWIs) AND NATIVE-BORN POPULATION, 1961 AND 1971

	PWIs in CELF		Native-born in CELF	
Age and Sex	1961	1971	1961	1971
Males				
5-14	–	–	–	–
15-24	67 5	70.3	59.8	61.2
25-34	96 3	94.7	93.4	91.5
35-44	96.7	96.3	93.6	91.3
45-54	94.5	95.3	91.3	88.5
55-64	85.7	89.2	80.7	78.2
65 and over	35.6	40.4*	29.2	30.2*
75 and over		15.8		10.3
Females				
5-14	–	–	–	–
15-24	46.3	57.0	39.9	45.0
25-34	39.3	47 1	27.7	42.2
35-44	39.9	49 1	29.3	41.4
45-54	41.0	51.0	32.3	42.3
55-64	27.9	38 7	24.5	34.0
65 and over	7.7	12.0*	7 1	10 8*
75 and over		4 2		5.0

SOURCE: Anthony Richmond, *Factors in the Adjustment of Immigrants and Their Descendants* (Ottawa. Minister of Supply and Services, 1980), p 103
*For 1971, ages were 65 to 74

TABLE 7
LABOR FORCE PARTICIPATION RATES OF ASIAN- AND U.K.-BORN CANADIAN IMMIGRANTS, BY PERIOD OF IMMIGRATION, AND OF CANADIAN-BORN POPULATION, 1981 (Percentage)

		Period of Immigration					
	Canadian-born	1960-69		1970-74		1975-79	
		Asian	U K.	Asian	U K.	Asian	U.K.
Crude rate							
Male	78	88	88	88	89	81	89
Female	52	68	66	66	63	59	59
Age-adjusted rate							
Male	78	79	82	76	81	76	79
Female	52	61	60	56	58	53	56

SOURCE. K G Basavarajappa and Ravi B. P Verma, "Asian Immigrants in Canada: Some Findings from 1981 Census," *International Migration*, p. 29 (in press).
NOTE: Immigrants and Canadian-born residents were aged 15 or older.

we probably will not be far wrong if we generalize from data in one or more of these countries to the United States when data for the United States are not available. Taken as a whole, the data tell us that labor force participation is substan-

TABLE 8
CANADIAN AGE-STANDARDIZED LABOR FORCE PARTICIPATION RATES OF CANADIAN-BORN MALES AND FEMALES BY BIRTHPLACE OF PARENTS, 1971

	Participation Rate
Males	
Both parents born in Canada	74.1
One parent born in Canada	80.3
Both parents born outside Canada	77.8
Females	
Both parents born in Canada	37.0
One parent born in Canada	43.6
Both parents born outside Canada	43.6

SOURCE Richmond, *Factors in the Adjustment of Immigrants and Their Descendants*, p 284
NOTES The participation rates were standardized against the age distribution of the population of Canada by sex, 1971. The Canadian-born males and females were aged 15 or older.

TABLE 9
AUSTRALIAN LABOR FORCE PARTICIPATION RATES BY AGE AND BIRTHPLACE, FEBRUARY 1977 (Percentage)

	Age							
	15-19	20-24	25-34	35-44	45-54	55-59	60-64	65 and over
Male								
Born in Australia	63.6	93.9	97.8	97 1	94.4	86.8	63.2	16 7
Born outside Australia	63.6	91.7	97.3	97.5	95.1	89.9	71.8	13 1
Female								
Born in Australia	58.1	70.1	46.2	52.4	44.8	29.6	14 3	3 4
Born outside Australia	54 0	68 0	54 7	62.0	54.4	31.9	14.1	3.2

SOURCE: Australian Bureau of Statistics, *The Labour Force, 1977*, p 22.

tially greater among immigrant women and older men than among natives in those categories, the differences being quite sizable from an economic point of view. The reasons for these differences are still a matter of speculation and are in any case outside the scope of this article.

UNEMPLOYMENT

Data on unemployment for immigrants are hard to come by. A study of the subject made by going back to the raw labor-force data in Australia and Canada and perhaps the United States could be very fruitful.

Great Britain

In Great Britain, the unemployment rates for the New Commonwealth immigrant labor force in 1961 and 1966 were difficult for Jones and Smith to estimate because of spotty coverage of the relevant categories in the census. The 1961

TABLE 10
AUSTRALIAN LABOR FORCE PARTICIPATION RATES BY AGE FOR NATIVES AND IMMIGRANTS ACCORDING TO PERIOD OF RESIDENCE, JUNE 1981 (Percentage)

Age Group	Australian-born	Immigrants' Period of Residence (years)			
		11 or more	6-10	2-5	less than 2
Males, not married					
15-19	61.8	60.0	46.7	38 5	52.5
20-24	89.0	86.8	87.5	80.0	77.4
25-29	89.8	92 3	92.6	91.6	87.0
30-34	90 4	90.2	94.6	96.3	85.7
35-39	89.6	88 3	95.1	–	78.6
40-44	83.0	86 0	88.2	–	–
45-49	81 3	87 0	86.1	–	–
50-54	75.5	84.7	–	–	–
55-59	67.7	75 1	–	–	–
60-64	41 6	47 9	–	–	–
Males, married					
15-19	90.6	–	–	–	–
20-24	96 9	100 0	96.8	91.8	91.9
25-29	97.8	96.6	97 1	92.9	83.0
30-34	97 7	96 2	95.8	96.1	86.2
35-39	96.7	95 9	96 0	93 8	89.9
40-44	97.3	95.8	95.2	94 8	83.3
45-49	96 1	94 6	95.0	95.0	89 5
50-54	91 3	88 5	87.1	91 2	–
55-59	82.7	83.5	85.0	90.6	–
60-64	53.5	63 5	79 2	62.5	–
Females, not married					
15-19	56 4	60.3	47 9	39.3	56.0
20-24	81.2	79.4	75.3	79.0	80 7
25-29	72.1	79 0	87.7	83.0	62.5
30-34	66 0	67.7	76 8	88 5	–
35-39	61 3	64 6	75 0	–	–
40-44	67 9	64 0	–	–	–
45-49	62.5	52.6	–	–	–
50-54	51 8	42 3	–	–	–
55-59	38.3	35 6	–	–	–
60-64	18.0	17.2	–	–	–
Females, married					
15-19	48.6	–	–	–	–
20-24	58 6	54.3	54.8	56.4	48.3
25-29	46 9	48 5	52.5	51 2	41.7
30 34	49.0	50 9	61.9	54.5	41.1
35-39	55 7	59 0	66 1	63.1	50.0
40-44	60.5	62 4	66.1	56.9	46.4
45-49	57 1	59.7	57 2	46.1	42 3
50-54	42.1	47 2	45 6	–	–
55-59	30 3	33.5	25 9	–	–
60-64	16.9	18.1	–	–	–

SOURCE: Paul A. Inglis and Thorsten Stromback, "A Descriptive Analysis of Migrants' Labour Market Experience" (Unpublished document, Bureau of Labour Market Research, Australia, 1984), p. 14.

NOTE: No data are recorded in cells where the number of persons is fewer than 25

TABLE 11
HOLDERS OF MULTIPLE JOBS IN AUSTRALIA (percentage)

		As of 1983		
Period of Arrival	Males	Period of Arrival	Males	Females
Before 1955	2.4	Before 1961	2.2	–
1955 to 1961	3.1	1961 to 1970	1.8	1.5
1962 to 1967	3.0	1971 to 1983	1.7	1.6
1968 to August 1975	2.6			

As of Stated Date						
		Males			Females	
Birthplace	1973	1975	1983	1973	1975	1983
United Kingdom and Ireland	3.0	3.6	2.4	2.3	2.4	2.0
Other overseas countries	2.9	2.3	1.6	1.5	1.6	1.1
Total overseas countries	2.9	2.7	1.9	1.8	1.9	1.5
Australia	4.3	4.4	2.7	2.2	2.3	2.7

SOURCE *Labour Force, 1977,* p. 32; and adapted from Australian Bureau of Statistics, *Multiple Jobholding, Australia, August 1983,* 2 May 1984, tab. 8, p. 9.

unemployment level in the conurbations—that is, large, densely populated urban areas—was considerably higher—4.3 percent—for the immigrants compared to 1.6 percent for the total native labor force,[34] but Jones and Smith did not consider this a representative comparison. They had more faith in the 1966 all-Britain figures of 1.63 percent for immigrants and 1.37 percent for the total labor force[35]—yes, rates were once that low! This difference between immigrants and natives is apparently due to the much higher unemployment rates for New Commonwealth women—1.52 percent—than the rate for all women—0.76 percent—which they interpret as being the result of the greater propensity for immigrant women to be in the labor force.

Canada

Data on the length of time it takes immigrants to find a job are interesting even without comparison to natives. In Canada, the average period between arrival in Canada and starting work was 4.2 weeks.[36] Unemployment after six months was 10.1%, but then dropped

to 4.8% by the end of their third year (1972)—the final level being higher than the Canadian control group's 3.7% but below the average of 6.8% for the male Canadian labour force. At the same time, the duration of unemployment diminished until by the end of the third year after arrival the immigrant sample as a whole, at 2.8 weeks on average, was within striking distance of the control group on this measure. Altogether, considering that average levels of unemployment in Canada remained high during this period, it can be concluded that immigrants were very successful in finding employment in Canada.[37]

United States

Chiswick's analysis of the 1970 Census of Population shows that immi-

34. Jones and Smith, *Economic Impact of Commonwealth Immigration*, p. 39.

35. Ibid., p. 40.

36. Manpower and Immigration, *Three Years in Canada* (Ottawa: Information Canada, 1974), p. 19

37. Ibid., p. 8.

grants work a week less per year than do native-born persons, on average, but this difference probably is completely accounted for by age and area of residence, and the difference probably disappears after some years of residence in the United States.[38] In the United States, among Vietnamese refugees, the employment ratio for males aged 16 and over rose from 67 percent in August-September 1975—it is not clear how long they had been in the country at that time—to 86 percent in July-August 1976. This is a rapid rise to a high rate of employment, compared to native-borns, especially when one considers that some of the males over 16 are in school or retired.

Israel

Within two months of arrival, 66 percent of the Soviet immigrants who came to Israel in 1972-73 and were in the labor pool had found jobs. Within one year of arrival, 90 percent of those in the labor force who came in 1971-72 were employed. For males, the available figures are even more impressive: 95 percent of the men in the labor pool who came in 1971-72 were employed in less than a year.

Australia

Among persons in the labor force, the unemployment rate in 1977 was slightly higher for immigrants who had been in Australia 16 years or less, and much higher for the first year or so until the immigrants became adjusted (Table 12) than for natives. After 16 years in Australia, unemployment was lower among immigrants than among natives. Similar data for 1972 through 1975 show the same pattern.[39] And data for 1983, when economic conditions and general unemployment were somewhat worse, show much the same pattern, but reveal considerable diversity in unemployment rates—and in participation rates—among groups from different countries of origin. (The educational-occupational mix also varies greatly among such groups.) The authors of the latter study could find no satisfactory explanation for the differences among countries of origin, though they noted differences in proportions of elderly persons within the various ethnic communities; that compositional difference could contribute to the apparent overall differences in unemployment rates.[40] Harrison shows considerable differences between persons from English-speaking and non-English-speaking countries.[41]

Table 13A shows more detail on the relationship of age and period of residence to unemployment, as of June 1981, when native unemployment was relatively high and—surely as a consequence—immigrant unemployment was even higher. (On this later point, see Figure 13.) Unlike participation, which tends to level off within a few years, unemployment continues downward over the entire observed period for married men, who are the most important segment of the labor force. This latter phenomenon is less marked for the other three groups observed, however,

38. Barry R. Chiswick, "The Effects of Americanization on the Earnings of Foreign-Born Men," *Journal of Political Economy*, 86(5):897-921 (1978)

39. Australian Bureau of Statistics, *Migrants in the Labour Force, 1972-1976*, 1977.

40. Victorian Ethnic Affairs Commission, Division of Research and Policy, "Working Paper: 1. Unemployment Issues for Migrant Workers" (Unpublished document, Victorian Ethnic Affairs Commission, 1983)

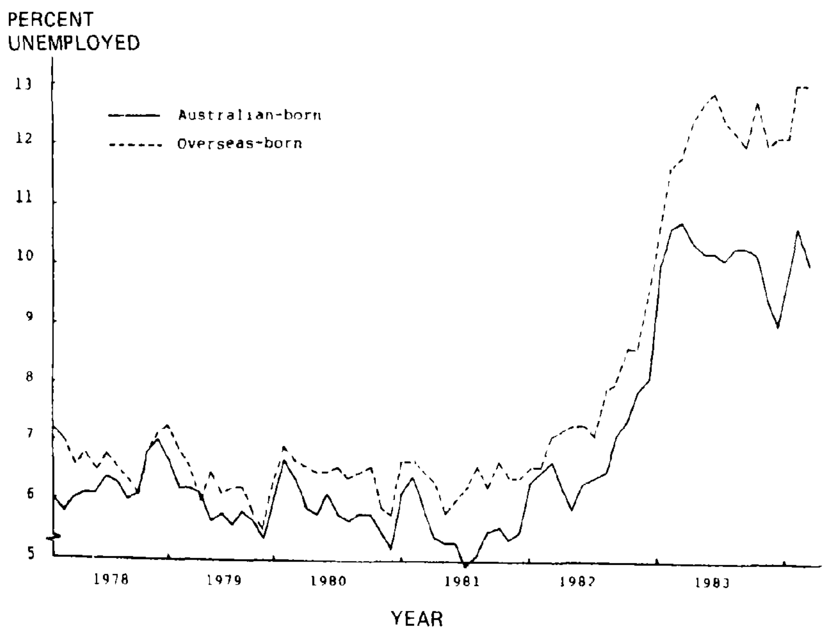
41. Harrison, "The Impact of Recent Immigration on the South Australian Labour Market," tabs. 7 and 8.

TABLE 12
AUSTRALIAN UNEMPLOYED PERSONS, BY BIRTHPLACE AND PERIOD OF ARRIVAL, MAY 1977

Birthplace and Period of Arrival	Percentage of Labor Force
Males	
Born in Australia	4.2
Born outside Australia	
Arrived before 1955	2.8
Arrived 1955-61	3 2
Arrived 1962-68	5 2
Arrived 1969-75	5 2
Arrived January 1976 to survey date	15 5
Total born outside Australia	4 5
Females	
Born in Australia	6.3
Born outside Australia	
Arrived before 1955	5 2
Arrived 1955-61	5.4
Arrived 1962-68	7 4
Arrived 1969-75	8 4
Arrived January 1976 to survey date	22 4
Total born outside Australia	7 4

SOURCE: *Migrants in the Labor Force, 1972-1976,* p 62

FIGURE 13
AUSTRALIAN MALE IMMIGRANT AND NATIVE UNEMPLOYMENT RATES



SOURCE: Shelley Cooper and Joanne Constantinides, "Working Paper Reviewing the Experience of the Overseas-Born in the Labour Market" (Unpublished manuscript, Population and Research Branch, Department of Immigration and Ethnic Affairs, Australia, 1984).

TABLE 13A
UNEMPLOYMENT RATES BY AGE FOR AUSTRALIAN NATIVES AND IMMIGRANTS ACCORDING TO PERIOD OF RESIDENCE, JUNE 1981 (Percentage)

	Australian-	Immigrants' Period of Residence (years)			
Age Group	born	11 or more	6-10	2-5	less than 2
Males, not married					
15-19	12.8	18 2	16.1	13.5	32.3
20-24	9 1	11 1	8.0	12.5	22 2
25-29	7.8	12.9	11.5	11.9	17.0
30-34	6.7	7.6	8 6	7 7	16.7
35-39	5.2	6.4	7 7	–	–
40-44	8.4	7 6	6.7	–	–
45-49	8.5	7.6	9 1	–	–
50-54	7.6	8.1	–	–	–
55-59	7 0	10.6	–	–	–
60-64	7.4	7.1	–	–	–
Males, married					
15-19	13 8	–	–	–	–
20-24	5.1	5.3	6.7	4.4	17.7
25-29	3.5	3.8	4 4	5.1	12 2
30-34	2.5	2 3	2 4	4.8	6.7
35-39	1 9	1.9	2 6	2.7	3.2
40-44	1.7	2.8	3.7	5.5	4.0
45-45	1.6	2 1	4 0	6 7	8 9
50-54	2 0	3.1	5.1	11 3	–
55-59	2.3	4 5	5.9	24 1	–
60-64	2 8	4 1	5.3	10 0	–
Females, not married					
15-19	17 9	20 7	16 3	20 0	34.0
20-24	10.6	10 5	8 2	13.9	18.0
25-29	6.6	10.9	6 3	4 5	20.0
30-34	5 5	8.0	7 6	13.0	–
35-39	6 2	9 7	6.7	–	–
40-44	4.3	5.8	–	–	–
45-49	5 1	3 9	–	–	–
50-54	7.3	5.9	–	–	–
55-59	5 0	6 4	–	–	–
60-64	5.4	2 8	–	–	–
Females, married					
15-19	22.7	–	–	–	–
20-24	4.4	8.2	5.0	8.8	35.7
25-29	3.2	4.5	10.3	9.5	14 3
30-34	3 0	2.5	3 6	8.1	30.0
35-39	2.6	3.5	5.0	9.2	23 1
40-44	1.5	2.9	1.2	9 1	23 0
45-49	1.4	2.7	5 1	12.7	41.2
50-54	0.6	2.9	10 2	–	–
55-59	1.2	2.8	14.3	–	–
60-64	3.8	1.3	–	–	–

SOURCE: Inglis and Stromback, "A Descriptive Analysis of Migrants' Labour Market Experience," tab 3-2.
NOTE: No data are recorded in cells where the number of persons is fewer than 25.

TABLE 13B

AUSTRALIAN UNEMPLOYMENT RATES AMONG IMMIGRANTS AGED 25-44 ACCORDING TO BIRTHPLACE AND PERIOD OF RESIDENCE, JUNE 1981 (Percentage)

Period of Residence (years)	Birthplace: United Kingdom and Eire	New Zealand	Other Countries*
Males			
Less than 1	11.8	21 1	10.2
1-2	2 4	5 6	9 5
3-4	4.7	11.6	8.5
5-6	0.0	6.5	3.8
7-9	3.2	10.2	5.0
10-14	2.2	2.9	4.9
15-19	6 0	3.7	3.6
20 or more	3.4	0.0	3 4
Females			
Less than 1	26.7	45 5	41.7
1-2	2 0	8 8	17.0
3-4	5 6	10.5	11 7
5-6	4 5	5.3	5 3
7-9	6.9	6 7	5 0
10-14	6 0	2 5	5.3
15-19	5 6	0 0	4 9
20 or more	3.2	0.0	4.3

SOURCE: Inglis and Stromback, "A Descriptive Analysis of Migrants' Labour Market Experience," tab 3-1.

*"Other Countries" in this table relates to all countries except the United Kingdom, Eire, and New Zealand

for the crucial 25-44 age groups, and much less marked among those from the United Kingdom and Eire, and somewhat less marked among those from New Zealand, the most "economic" of all immigrants; additional evidence for the latter is seen in Table 13B.

A more aggregated analysis yields additional illumination from a policy point of view. In Table 14 we see that for the decade from 1973 to 1982, persons in Australia 17 months and more—the category that contains the bulk of immigrants—have unemployment rates not substantially different from those of persons born in Australia. This suggests that the rate of unemployment among immigrants is not a critical factor except insofar as the high rate among new immigrants indicates that special help is needed in finding work for them.

Among General Eligibility Migrants—those who are not refugees or relatives of families in Australia—"in *the first six months* only 10% had not found employment," a rather remarkable record that speaks once more to the desirability of allocating admission by economic criteria.[42]

The association between the general unemployment level and unemployment among immigrants is strongly seen in Figure 13. It is also shown by the fact that when the average duration of unemployment increases for the Australian-born, it increases even more for immi-

42. Northage & Associates Pty. Ltd., "General Eligibility Migrants," p. 8.

TABLE 14
AUSTRALIAN UNEMPLOYMENT RATES OF IMMIGRANTS, BY LENGTH OF RESIDENCE, AND NATIVES, MAY 1973 TO MAY 1982

	Overseas-born by Period of Residence				Australian-born	
	Less than 17 months		17 months or more			
Date	Males	Females	Males	Females	Males	Females
May 1973	3.0	10.8	1.5	2.7	1 2	2 4
May 1974	3.0	4 5	1.3	2.3	1.1	2 5
May 1975	7.3	12.7	3 8	6 2	2.9	4 7
May 1976	6.2	16.5	3.7	6.0	4.1	6.8
May 1977	15 4	22.4	4.1	6 7	4.2	6.2
May 1978	9.2	27.7	5.4	8.1	5.0	7.6
May 1979	13.4	18.9	4 8	8.0	5.1	7.9
May 1980	15.4	19.8	5.1	8.1	5.1	7.7
May 1981	13.4	27.6	4.6	7.3	4.3	7 0
May 1982	17.5	30.3	5.7	8.5	5.3	7.8

SOURCE: Harrison, "Impact of Recent Immigration on the South Australian Labor Market," p. 30; originally from Australian Bureau of Statistics, *The Labour Force*, May 1973-82.

TABLE 15
AVERAGE WEEKS OF UNEMPLOYMENT IN AUSTRALIA BY BIRTHPLACE

	1979	1980	1981	1982	1983	1984
Australia	25.9	26 6	29 1	26 9	30.0	39.3
Overseas	24 8	28 8	31.5	32 2	32.5	44.6
Main English-speaking countries	22.2	27.0	29 0	27 4	31.5	35.2
Other	27.0	30.2	33.6	35 9	33.2	50 6

SOURCE Shelley Cooper and Joanne Constantinides, "Working Paper Reviewing the Experience of the Overseas-Born in the Labour Market" (Unpublished manuscript, Population and Research Branch, Department of Immigration and Ethnic Affairs, Australia, 1984), p 77
NOTE: Surveys were taken every February 1979-84

grants who are not from the main English-speaking countries, as may be seen in Table 15.

Summary

Immigrants do not remain long on the unemployment rolls drawing unemployment compensation. Rather, they find jobs, stay employed, and have unemployment rates that compare favorably with the rates for natives.

PROPENSITY TO START NEW BUSINESSES

A large proportion of new jobs in the United States arise in small businesses.[43] And immigrants apparently have a high propensity to start their own businesses; this seems obvious to the casual observer. For example, the proportion of taxi drivers (often self-employed)

43. David L. Birch, "Who Creates Jobs?" *Public Interest*, pp. 3-14 (Fall 1981).

who have foreign accents seems high from New York to Melbourne to Malmo, Sweden. And it is most noticeable where entry is easiest, e.g., Washington, D.C., where only small fees are required to put a cab on the road.

There does not seem to exist a reliable study of business opening for the United States, though it is badly needed. There are, however, data of two kinds available for Canada: (1) the panel study of the first three years of a cohort of immigrants in Canada, and (2) a study of occupational categories in the census data. Let us consider them separately.

The Canadian Manpower and Immigration department conducted the study entitled *Three Years in Canada*. Almost 5 percent—91 of the 1746 males plus 291 single females in the panel sample on which there is data[44]—had started their own businesses within the first three years in Canada. Not only did they employ themselves, but they also employed others, "creating" a total of 606 jobs. Expressed as a proportion of the 2037 total immigrants, roughly 30 percent as many jobs were created from scratch as total jobs were held by immigrants. Furthermore, these numbers surely were rising rapidly after the three-year study period; after one year there were 71 self-employed immigrants creating 264 jobs, compared with the 91 and 606, respectively, after three years.[45]

From the 1971 Canadian census, Richmond determined the proportions of various immigrant and native groups that are employers of others, as seen in Table 16. Among both male and female immigrants in Canada more than 11 years, a considerably higher proportion are employers, compared to persons both of whose parents were born in Canada. And persons with one or two parents born abroad have a considerably higher propensity to be employers than do persons with both parents born in Canada: two immigrant parents are associated with an even higher propensity than one immigrant parent. The second-generation effect could be due, at least in part, to children of immigrant parents having parents who turn businesses over to them, but if so it simply confirms that the first generation has a substantially higher propensity to start businesses than do natives. This indirect evidence of the first-generation propensity is particularly neat in that it avoids potentially confounding differences in date of immigration with respect to the census data, because the parents of the second generation probably have been in Canada a considerable length of time as of the census. (These data are standardized by Richmond for age distribution; the effect appears much more strongly in the unstandardized data in the complete original table.) The fact that even among immigrants only 15 to 24 years old the propensity to start new businesses is higher than comparable-age natives suggests that the experience of being an immigrant, as well as self-selection, may account for this propensity, because a considerable proportion of immigrants aged 15 to 24 must have come with their parents rather than having chosen to migrate of their own accord.

44 *Three Years in Canada*, p. 142.

45. There is little reason to believe that these results are due to a single isolated event. Aside from the single individual who employed more than 100 persons, and the 14 who did not answer about the number of employees, there were 2 employers with 20 to 44 employees, 3 with 11 to 19 employees, 5 with 6 to 10 employees, 15 with 3 to 5 employees, 8 with 2 employees, 19 with 1 employee, and 24 with no employees.

TABLE 16

EMPLOYERS AMONG CANADIANS 15 YEARS AND OVER, IN CURRENT EXPERIENCED LABOR FORCE, BY BIRTHPLACE OF PARENTS OF CANADIAN-BORN AND PERIOD OF IMMIGRATION OF FOREIGN-BORN, BY SEX, 1971

Birthplace of Parents or Period of Immigration	Percentage
Males	
Birthplace of parents for Canadian-born	
Both born in Canada	4.6
One born in Canada	5.1
Both born outside Canada	6.3
Period of immigration	
Before 1946	6.1
1946-60	5.9
1961-65	4.1
1966-71*	2.3
Females	
Birthplace of parents for Canadian-born	
Both born in Canada	1.0
One born in Canada	1.1
Both born outside Canada	1.3
Period of immigration	
Before 1946	1.5
1946-60	1.6
1961-65	1.3
1966-71*	0.8

SOURCE. Richmond, *Factors in the Adjustment of Immigrants and Their Descendants*, pp. 291-92.
NOTE: The percentage distribution was standardized against the age composition of the Canadian population
*Includes only the first five months of 1971.

TABLE 17

SELECTED ECONOMIC CHARACTERISTICS OF ASIAN- AND U.K.-BORN CANADIAN IMMIGRANTS, BY PERIOD OF IMMIGRATION, AND OF NATIVES AGED 15 AND OLDER WHO WORKED IN 1980 (Percentage)

		Period of Immigration					
	Canadian-born	1960-69		1970-74		1975-79	
Class of Worker		Asian	U.K.	Asian	U.K.	Asian	U.K.
Male							
Wage earner and unpaid family worker	88.1	85.1	91.4	89.2	91.4	92.6	92.3
Employer	5.3	9.5	4.6	6.5	4.7	3.8	3.6
Self-employed	6.6	5.4	4.0	4.3	3.9	3.6	4.1
Female							
Wage earner and unpaid family worker	96.1	92.2	95.9	94.1	95.9	96.2	96.3
Employer	1.5	4.5	1.6	3.2	1.7	1.8	0.9
Self-employed	2.4	3.3	2.5	2.6	2.4	2.0	2.8

SOURCE Basavarajappa and Verma, "Asian Immigrants in Canada," tab. 5; originally from *1981 Census of Canada*, special tabulation.

Table 17 shows data for Asian and U.K. immigrants with various periods of residence, as well as for the Canadian-born. The high propensity of Asian immigrants, both male and female, to open businesses after 10 years of residence is impressive. The low propensity for U.K. immigrants is also interesting. Together the two sets of data suggest that entrepreneurship is very much a function of "need"; immigrants who can easily find their way to a good living without starting a business are less likely to start one than are immigrants who face greater barriers to a well-salaried job, it would seem.

In Australia the picture is more mixed. Harrison shows that even after five years, immigrants from English-speaking countries are less likely to be employers or self-employed than are Australian natives. (See Table 18.) On the other hand, immigrants from non-English-speaking countries have higher propensities to start new businesses than do native Australians, starting sometime after five years in the country. (Unfortunately Harrison does not present more detailed data by length of time in Australia.) These data are additional evidence that the more difficult the adjustment of the group to the wage economy—as seen earlier in the data on unemployment rates among non-English-speaking persons—the higher the propensity to start one's own business.

FERTILITY

The fertility of immigrants is of interest for several reasons. First, though parents pay most of the costs of raising their children until the children grow up and become productive and creative members of society, children are something of a burden upon the society, mostly by way of public expenditures on education. Second, to the extent that having a large number of adults is either a burden or a boon for other persons in the society—and elsewhere I argue at length that, in a society such as the United States in the late twentieth century, the benefits of more adults vastly outweigh the costs[46]—more children now represent more adults in the future. Third, and perhaps most important, nowadays having many children is viewed by some—though not by this writer—as a symptom of personal sloth and "primitivism." Fourth, a birthrate higher than that of natives leads some to worry about the effect on the U.S. racial composition and cultural homogeneity.

United States

Table 19 shows that for women born in the twentieth century, fertility among immigrants has been about the same as among natives, except that as of 1970 fertility was considerably lower among immigrant than native women aged 25 to 44. And it is interesting to note that the fertility of women of foreign or mixed parentage—who may be thought of as a result of recent immigration—show much lower fertility than do native women, except among women aged 25 to 44 in 1970.

The oldest cohort of immigrant women shown in Table 19 bore more children than did native women of the same age. Higher fertility for immigrants than for natives was apparently the rule in the more "advanced" societies in the past,[47]

46. Julian L. Simon, *The Economics of Population Growth* (Princeton, NJ: Princeton University Press, 1977); idem, *The Ultimate Resource* (Princeton, NJ: Princeton University Press, 1981).

47. Isaac, *Economics of Migration*, p. 185.

TABLE 18
SELF-EMPLOYED AND EMPLOYERS BY SEX, BIRTHPLACE, AND PERIOD OF RESIDENCE, SOUTH AUSTRALIA, JUNE 1981 (Percentage)

Country of Birth	Period of Residence in Australia (years)	Self-Employed Males	Self-Employed Females	Employers Males	Employers Females
English-speaking countries	less than 1	3 2	3.0	1 1	0.3
	1 or 2	4.9	2.9	1.5	0 7
	3 or 4	5.6	2.7	3.1	1.7
	5 or more	6 9	4 7	3.1	2.5
Non-English-speaking countries	less than 1	1.3	2.6	0 2	1 6
	1 or 2	3.7	4.0	1 4	0.6
	3 or 4	4.8	5 8	4.9	4.6
	5 or more	13 4	10.6	6 6	4.9
Total overseas-born	less than 1	2 4	2 9	0.7	0.7
	1 or 2	4 4	3.5	1 4	0.6
	3 or 4	5.3	4.0	3 9	2 9
	5 or more	9 9	7 1	4 7	3.5
Australian-born		10 6	8.4	5 8	4 4

SOURCE Harrison, "Impact of Recent Immigration on the South Australian Labour Market," tab 10, p 35; originally from Australian Bureau of Statistics, *1981 Census*, microfiche, tab 27

TABLE 19
CHILDREN PER 1000 WOMEN, UNITED STATES, 1970

Woman's Age	Native Women of Native Parentage	Foreign-Born Women	Native Women of Mixed or Foreign Parentage
14-24	364	413	306
25-44	2,565	2,141	2,522
45-64	2,530	2,534	2,177
65-74	2,479	2,518	2,064
75 and over	2,762	3,284	2,390

SOURCE: *National Origin and Language*, tabs. 2 and 11.

which fits with the pattern that the countries from which the immigrants came had lower incomes and higher mortality on average than did the United States. The more recent pattern reflects various crosscurrents in fertility that are affected by several variables and that are not yet fully understood.[48]

48 Simon, *Economics of Population Growth*, pt. 2; idem, *The Effects of Income on Fertility* (Chapel Hill, NC: Carolina Population Center, 1974).

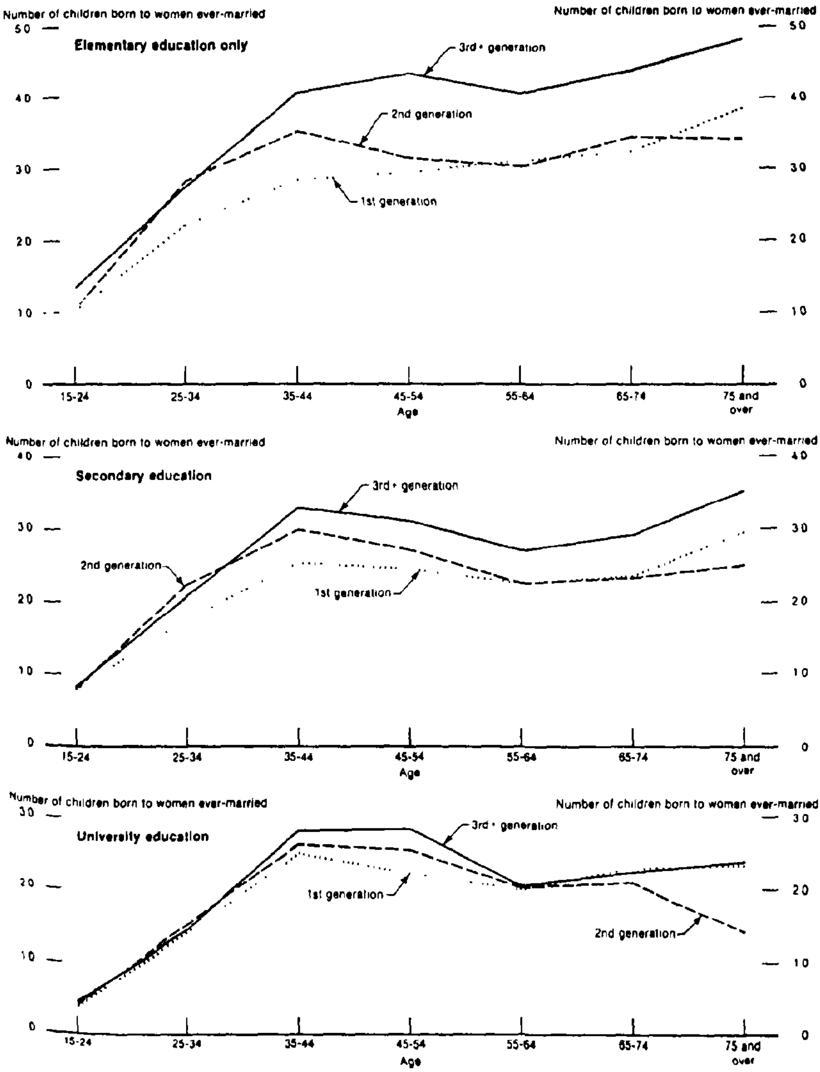
Canada

Table 20 shows lower fertility for immigrants than for natives in almost every age group. And Figure 14 portrays fertility rising with the number of generations in Canada, at all levels of education, up to at least the third generation.

Australia

Table 21 shows that, except for a few small groups, such as women born in

FIGURE 14
NUMBER OF CHILDREN BORN TO CANADIAN WOMEN EVER MARRIED, BY AGE, EDUCATIONAL ATTAINMENT, AND GENERATION, 1971



SOURCE: Anthony Richmond, *Factors in the Adjustment of Immigrants and Their Descendents* (Ottawa: Minister of Supply and Services, 1980).

Malta and the Netherlands, and Asian women aged 40 to 49, immigrant fertility is lower than native fertility, no matter which comparisons one makes. It is a bit surprising that the data show only slightly higher fertility for the newest-arrived cohorts, though in the younger cohorts the observations may be biased by differences in age distribution within the brackets.

TABLE 20
FAMILY SIZE OF POSTWAR CANADIAN IMMIGRANTS AND THE NATIVE-BORN BY AGE OF FAMILY HEAD, 1961 AND 1971

Age of Family Head	Postwar Immigrants* 1961	Postwar Immigrants* 1971	Native-born Population 1961	Native-born Population 1971
15-24	2 7	2.6	2.9	2 6
25-34	3 4	3 6	4 1	3.7
35-44	4.0	4.4	4.9	4.9
45-54	3.7	3.9	4.4	4.3
55-64	3.0	2 9	3 3	3.1
65-69	2 4	2.9	2 6	2 4
70 and over	2 3		2 4	

SOURCE Richmond, *Factors in the Adjustment of Immigrants and Their Descendants*, p 96
*Immigrants who arrived in Canada between 1946 and 1960

Hugo and Wood find that Australian immigrant fertility—measured by the standardized fertility ratio—was 7 percent and 6 percent higher among immigrants than among native women in 1971 and 1976, respectively.[49] But this difference is mostly accounted for by the higher propensity of immigrant women to be married; among married immigrant women, fertility is only 1 percent or 2 percent higher than among comparable natives. It also is interesting that fertility is lower among unmarried immigrant women than among unmarried native women, by 15 percent or 20 percent. Among immigrant groups there is considerable diversity in these respects, however, as Table 22 shows.

MORTALITY

In Australia, mortality among immigrants is considerably lower than among natives. (See Table 23.) This effect is most marked, and most interesting, in the zero-to-4-year-old category. There is some evidence that people in the countries of origin also have lower mortality rates than do people in Australia—which is a most unusual pattern in itself, given the usual relationships among income and migration, and income and mortality—which might be a partial explanation of the observed phenomenon.[50] Another possible contributory explanation, particularly interesting from an economic point of view, is that immigrants are self-selected with respect to hygiene and general self-preservation.

For the United States I could find no general data on mortality of immigrants. Schultz reports that immigrant children have lower rates of reported health problems than native children, though after the immigrants have been in the country for some time the two rates converge.[51] It seems reasonable to assume that the health of children is correlated with the health and mortality

49 Graeme Hugo and Deborah Wood, "Recent Fertility Trends and Differentials in Australia" (Working Paper Series no. 57, National Institute of Labour Studies, Flinders University of South Australia, 1983).

50. Ibid.

51 Paul T. Schultz, "The Schooling and Health of Children of Immigrants," in *U.S. Immigration Policy and the National Interest*, app. D.

TABLE 21
AUSTRALIAN FERTILITY DIFFERENTIALS BY LABOR FORCE STATUS AND OCCUPATION OF WIVES, 1971

Labor Force Status		Age of Wives 35-39	40-44	45-49
Australian-born wives				
In the labor force		2.82	2.79	2.65
Not in the labor force		3.26	3.25	2.99
Overseas-born wives				
In the labor force		2.40	2.47	2.38
Not in the labor force		2.88	3.02	3 91
Australian-born wives by birthplace of				
Mother	Father			
Australia	Australia	3 12	3.10	2.89
Australia	Overseas	3.01	3 00	2 80
Overseas	Australia	2 98	2.96	2.77
Overseas	Overseas	3 00	2 95	2 76
Overseas-born wives by birthplace				
United Kingdom and Eire		2 75	2 83	2.67
Germany		2 35	2 26	2 13
Greece		2.32	2.50	2.81
Hungary		1.94	1.72	1.74
Italy		2.71	2.82	2.95
Malta		3.45	4 18	5 11
Netherlands		3 20	3.37	3 46
Poland		2.29	2 24	2 22
Yugoslavia		2.22	2 30	2.22
Other Europe		2.38	2 35	2.20
Total Europe		2.64	2 72	2.64
Asia		2.96	3 13	3.05
Africa		2.63	2 73	2.85
America		2 63	2.85	2.64
New Zealand		2 64	2 67	2 51
Overseas-born by period of residence (years)				
0-4		2.67	2.84	2 79
5-9		2 62	2.83	2.83
10-16		2.60	2.65	2 67
17-23		2.82	2.72	2 49
24 and over		2.66	2 76	2 68

SOURCE Graeme Hugo and Deborah Wood, "Recent Fertility Trends and Differentials in Australia" (Working Paper Series no. 57, National Institute of Labour Studies, Flinders University of South Australia, 1983), tabs 11.15-16.
NOTE: The fertility differentials were based on the average issue of existing marriages only.

rates of their parents, suggesting that mortality among immigrants is at least as low, or lower, than that among natives.

TABLE 22

CRUDE BIRTH RATES AND STANDARDIZED FERTILITY RATIOS FOR AUSTRALIAN NATIVE AND FOREIGN-BORN WOMEN, 1976 AND 1976

Ethnicity or Country of Birth	Crude Birth Rate		Standardized Fertility Ratio: All		Standardized Fertility Ratio: Married		Standardized Fertility Ratio: Unmarried		Proportions Married among Women Aged 15-49	
	1971	1976	1971	1976	1971	1976	1971	1976	1971	1976
Australia	20.1	15.8	100	100	100	100	100	100	0.65	0.67
All other countries	26.8	19.9	107	106	101	102	86	82	0.78	0.79
Individual Countries										
United Kingdom and Eire	20.3	15.4	95	95	90	92	103	96	0.76	0.79
Italy	32.3	19.5	117	115	108	104	28	34	0.85	0.85
Greece	49.8	29.0	127	127	113	108	40	50	0.86	0.87
Yugoslavia	36.3	26.0	120	123	100	100	115	121	0.84	0.85
Germany	33.3	21.4	94	90	88	89	99	106	0.77	0.80
Netherlands	35.1	25.1	113	113	106	107	92	107	0.77	0.79
New Zealand	30.3	23.4	95	91	94	99	165	128	0.64	0.67
Poland	8.1	5.7	75	78	77	81	68	48	0.82	0.84
Malta	45.8	33.1	127	127	117	120	51	69	0.79	0.80
Country Groups*										
Other Eastern European	11.0	6.5	84	89	89	92	61	69	0.72	0.75
Other northwestern European	23.3	17.3	88	90	86	90	95	99	0.74	0.76
Arab	41.9	48.3	146	202	134	164	31	25	0.77	0.80
Chinese	24.5	23.5	80	94	112	122	19	35	0.59	0.60
Hispanic	32.9	23.7	110	97	107	90	43	51	0.78	0.79
Indian	25.3	20.4	97	98	110	105	42	31	0.71	0.72

SOURCE: Hugo and Wood, "Recent Fertility Trends and Differentials in Australia," p. 38; originally from F. Yusuf and I. Rockett, "Immigrant Fertility Patterns and Differentials in Australia, 1971-1976," *Population Studies*, 35:413-24 (1981).

*Specific birthplaces included in each group are as follows Other Eastern European includes Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Rumania, Ukraine, and the USSR; other northwestern European includes Austria, Belgium, Denmark, Finland, France, Norway, Sweden, and Switzerland; Arab includes Lebanon, Syria, and the United Arab Republic, Chinese includes China, Hong Kong, Malaysia, and Singapore, Hispanic includes Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Portugal, Spain, Uruguay, and Venezuela; Indian includes Bangladesh, India, Pakistan, and Sri Lanka.

TABLE 23

A COMPARISON OF THE DEATH RATES OF THE AUSTRALIAN-BORN AND FOREIGN-BORN, VICTORIA, 1969-73

	Age Groups							
	0-4	5-14	15-24	25-34	35-44	45-54	55-64	65 and over
Males								
Foreign-born as a percentage of Australian-born	18%	102%	72%	83%	68%	76%	93%	91%
Females								
Foreign-born as a percentage of Australian-born	19%	87%	72%	77%	64%	87%	87%	95%

SOURCE Deborah Hugo and Graeme Wood, "Recent Mortality Trends in Australia" (Working paper no 55, National Institute of Labor Studies, July 1983), p 20, originally in J Powles and R Birrell, *Mortality in Victoria 1969-1973* (Melbourne Monash University, Environmental Research Associates, 1977), p viii

NOTE Death rates are mean annual deaths from all causes, per 100,000

ANNALS, *AAPSS*, 487, September 1986

Eastern and Southern European Immigrants: Expectations, Reality, and a New Agenda

By JOHN A. KROMKOWSKI

ABSTRACT: Throughout the history of their settlement in America, Eastern and Southern European ancestry groups have varied dramatically. Yet there is a logic to combining all these groups into a single analytical category, based on the time of their arrival, their religious and cultural differences from other Americans, and their living memories of gaining freedom from serfdom and peonage. From 1924 to 1964, a national immigration policy of selection and restriction effectively excluded immigrants from these regions of Europe using flawed social scientific rationales that tagged Eastern and Southern Europeans as undesirable and inferior. By 1965, however, a fresh spirit of tolerance and consensus had come to prevail. The 1980 census data on ancestry populations and foreign-born persons from Eastern and Southern Europe sustain the notion that local variations should not be ignored. Finding the convergent issues of various ethnic populations remains on the American agenda of liberty and justice for all. Ancestry groups with recollections of the immigrant experience could become a pivotal force in resolving conflict during the next era of immigration.

A faculty member at the University of Notre Dame for over a decade, John A. Kromkowski is currently president of the National Center for Urban Ethnic Affairs (NCUEA). NCUEA is a Washington-based research and educational institution focused on urban neighborhood policy and practices as well as multicultural and interethnic cooperation. Dr. Kromkowski chaired the Ethnic Heritage Advisory Council of the U.S. Department of Education and the Ethnic Racial Committee of the American Revolution Bicentennial Administration.

THROUGHOUT the history of their travels to and settlements in America, immigrants of Southern and Eastern European ancestry have varied dramatically in language, culture, religion, social background, and political experiences.[1] In addition to the widely known ancestry groups of Poles, Italians, Greeks, and Portuguese, Eastern Europeans include an array of other ancestry groups: Czechs, Slovaks, and Rusins from Czechoslovakia; Ukrainians and Belorussians as well as many other groups from the USSR; Slovenes, Albanians, Croatians, Serbs, and Macedonians from Yugoslavia; and Ukrainians and Belorussians from Poland. Bosnians and Montenegrins, despite certain religious and cultural differences and separate political status in Yugoslavia, are considered Serbs or, more rarely, Croatians. Groups from the states of Southern Europe also represent an interesting mix of regional and religious identities—Catalan, Sicilian, Lombard, Basque, Rom, and so on—and have significant local identities that are different from the dominant nationality.

Clearly, a group's ethnic and/or national identity may be different from its country of origin. Moreover, ancestry groups from Eastern and Southern Europe often show greater affinities with groups outside their geographical category than with those included in it. The populations of Eastern and Southern Europe in America include foreign-born, native-born of immigrant parent or parents, and ethnic Americans whose self-identified ancestry is derived from Eastern and/or Southern Europe and ethnic neighorhoods of America. Yet there is a logic to including and combining all these groups in a single analytical category. The vast majority of them migrated to the United States during the period between the Civil War and the imposition of immigration restriction in the 1920s. The Dillingham Commission characterized these immigrants as the "new migration" to distinguish them from the so-called old migration, which drew primarily on Northern and Western Europe. The new immigrants not only came from a distinct geographical region of Europe but differed more radically in religion and culture from other American citizens than did most of the earlier migrants. In retrospect, it is clear that they were also largely rural and from regions that were underdeveloped by American standards. Their regions were undergoing the first painful stages of modernization. Many of them were or had recently been subjects of large foreign empires that made military demands upon them. In many instances, the experiences and stories of gaining freedom from serfdom and peonage were within living memory.

By 1910, the Dillingham Commission's *Report on Immigration* had confirmed popular fears and prejudices about aliens. The testimony and findings of fledgling social sciences provided an allegedly scientific rationale for the inferiority of Eastern and Southern Europeans. Supported by Nordic-Anglo political pressure and buttressed by the "sciences of society," a national immigration policy of selection and restriction controlled potential sources of ethnic-cultural cleavage from 1924 to 1964.[2] A

1. Stephen Thernstrom, Ann Orlov, and Oscar Handlin, *Harvard Encyclopedia of American Ethnic Groups* (Cambridge, MA: Harvard University Press, 1980). The *Harvard Encyclopedia of American Ethnic Groups* includes first-rate historical and thematic essays on immigrant and ethnic populations.

2. William S. Bernard, "Immigration: History of U.S. Policy," in *Harvard Encyclopedia of American Ethnic Groups*, ed. Thernstrom, Orlov, and Handlin, pp 486-95.

quota system established for native-born Nordic-Anglo nationalities effectively excluded undesirable persons and cultures. This forty-year era of nativistic selection and its legal and cultural system did not end until the Hart-Celler Act became the Immigration Reform Act of 1965 (Public Law 89-236).

By 1965, ethnic and ancestry groups had earned and expected a fresh spirit of tolerance. A new social consensus had begun to prevail. The pluralistic idea of America as a country that was "Protestant, Catholic and Jew" started to replace the so-called white, Protestant, Nordic-Anglo image of an earlier era. President John F. Kennedy, in his proposals of 23 July 1963 to liberalize immigration statutes, argued that the national-origin system was

> without basis in either logic or reason. It neither satisfies national need nor accomplishes an international purpose. In an age of interdependence among nations, such a system is an anachronism for it discriminates among applicants for admission into the United States on the basis of accident of birth.[3]

The ideology of scientific ethnocentrism was refuted. A new era fashioned by the liberal imagination and crafted by members of Congress attentive to and representing ancestry groups settled in the Northeast and Midwest had begun. The end of discrimination based on origin in Eastern and Southern Europe accommodated and legitimated a variety of ethnic populations in America.

SETTLEMENT PATTERNS THROUGHOUT THIS CENTURY

Richard A. Easterlin's collection of data in Table 1 illustrates the American pattern of regional immigration from Europe from 1900 to 1970.[4] The relationship of the total immigrant—foreign-born—population to the total U.S. population in Figure 1 suggests the scale and potential influence of immigration. Table 2 reveals the continental origins and regional destination of recent immigrants. In some respects, the size and settlement of native-born groups localized the influence of immigration. The diminution of the percentage of foreign-born persons beginning in 1920—not increasing until 1980—as well as their numerical diminution beginning in 1940—not increasing until 1980—demonstrates the achievement of the immigration restriction set forth in 1924.

Table 1 shows that in the decades before the 1965 reform, the percentage of immigrants from Eastern Europe dropped from 33.4 percent to 4.6 percent and the percentage from Southern Europe dropped from 25.5 percent to 7.9 percent. Tables 2 and 3 put the European immigration into the overall context of U.S. immigration during the two decades after the 1965 reform. Although the quota system that excluded Eastern and Southern Europeans was removed, Table 3 reveals that an influx of the excluded did not follow. Only 10.9 percent of the immigrants entering the United States from 1965 to 1980 were foreign-born Southern and Eastern Europeans, compared to 32.5 percent of those entering before 1959 and 14.5 percent entering between 1960 and 1964.

These data also confirm that the initial settlement patterns of Eastern and Southern Europeans are still clear. The northeastern states—Maine, New

3. John F. Kennedy, *A Nation of Immigrants*, revised and enlarged ed. (New York: Harper & Row, 1964), p. 103

4. Richard A. Easterlin, "Immigration: Economic and Social Characteristics," in *Harvard Encyclopedia of American Ethnic Groups*, ed. Thernstrom, Orlov, and Handlin, pp. 476-86.

TABLE 1
DISTRIBUTION OF IMMIGRATION TO THE UNITED STATES
BY CONTINENT (Percentage)

	Europe	Northern and Western Europe	Eastern and Central Europe	Southern Europe
1900	96.5	44 5	32.8	19.1
1910	92.5	21.7	44.5	26.3
1920	76.3	17 4	33 4	25.5
1930	60.3	31.7	14.4	14.3
1940	65.9	38.8	11.0	16.1
1950	60.1	47.5	4.6	7 9
1960	52.8	17 7	24.3	10.8
1970	34.0	11.7	9.4	12.9

SOURCES· Derived from Conrad Tauber and Irene Tauber, *The Changing Population of the United States* (New York John Wiley, 1958); U.S , Department of Commerce, Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1970* Washington, DC Government Printing Office, 1975) See Richard A. Easterlin, "Immigration Economic and Social Characteristics," in *Harvard Encyclopedia of American Ethnic Groups* (Cambridge, MA Harvard University Press, 1980)

Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania—and north-central states—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Kansas—have large percentages of European immigrants. Though this concentration of settlement in the older industrial states has continued, the percentage of European and Soviet immigration declined from 1970 to 1980 in all regions, and the Eastern and Southern European foreign-born populations are a small portion of the American population. The expectations about America's opening-up to Eastern and Southern Europeans that surfaced during 1965 have obviously been eclipsed by the reality of Soviet and Eastern-bloc emigration policy and the economic forces that have increased immigration from other continents.

In 1980, the U.S. census asked a new question, "What is this person's ancestry?" Tables 4 and 5 report aggregate findings from this question and relate them to foreign-born populations and regional settlements in America. The high incidence of the "American" and "not reported" response categories for the South in Table 5 as well as the smaller foreign-born and ancestry populations concentrated there illustrate regional differences and the regional nature of diminishing ancestry affiliations. For the northeastern and north-central states, regional distribution and local configurations of foreign-born and single or multiple Eastern and Southern European ancestry are a continuing, basic contour of the social economy. In Table 6, regional settlement indicators for those of Welsh American ancestry are used to rank the relative compactness and uneven distribution of Eastern and Southern European ancestry groups. The 1980 census findings confirm assorted patterns of regional settlement, the persistence of ethnic variety, and considerable difference between various populations.

The recent foreign-born segment of Eastern and Southern European populations in America (indicated in Table 4) is considerably larger for small ancestry groups such as Bulgarians, Estonians,

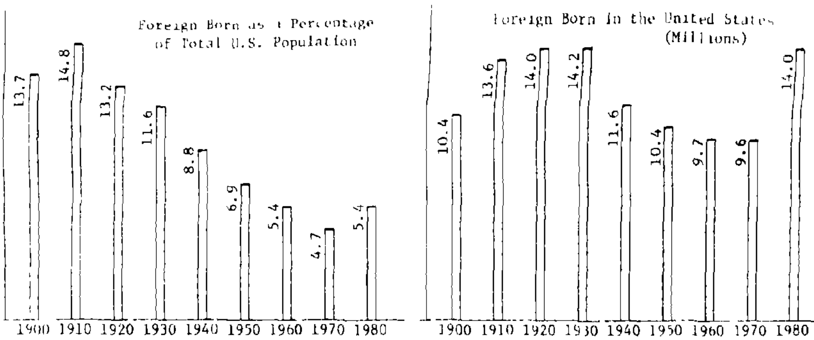
TABLE 2

DISTRIBUTION OF IMMIGRATION BY CONTINENT OF ORIGIN, 1970-80, AND BY REGION OF DESTINATION IN THE UNITED STATES, 1970-80 (Percentage)

	United States		Northeast		North Central		South		West	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Europe	54.6	33.7	63.1	47.7	67.8	46.8	38.5	24.0	37.8	20.0
USSR	4.8	2.9	6.2	4.3	4.7	3.5	3.5	2.2	3.2	1.7
Asia	8.6	18.0	5.3	11.7	6.4	18.7	7.6	15.5	16.6	25.6
North and Central America	24.5	33.1	17.5	22.6	15.1	20.8	42.3	42.9	34.6	43.0
South America	2.7	4.0	0.4	6.2	0.2	2.0	0.3	4.3	0.3	2.5
North Africa	0.3	0.5	0.3	0.6	0.3	0.5	0.4	0.5	0.3	0.5
Other Africa	0.9	0.9	0.3	0.9	0.3	1.1	0.4	1.3	0.3	0.6
All other	0.9	0.6	0.8	0.2	0.4	0.4	1.0	0.4	1.6	1.1
Not reported	3.3	6.3	3.4	5.7	3.6	6.2	3.0	8.9	2.9	5.3

SOURCE Developed from U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population, General Social and Economic Characteristics, United States Summary*, PC80-1-C1 (Washington, DC Government Printing Office, 1983)

FIGURE 1
FOREIGN-BORN POPULATIONS, 1900-80



SOURCE Developed from U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population, General Social and Economic Characteristics, United States Summary,* PC80-1-C1 (Washington, DC: Government Printing Office, 1983).

Latvians, Rumanians, and Albanians. Proportionally smaller foreign-born populations are absorbed into already larger ancestry groups such as the Czechs, Slovaks, Hungarians, Italians, Poles, and various Soviet and Yugoslavian ethnic groups. The Portuguese and Greek foreign-born and ancestry groups seem to form another pattern of intermediate-sized groups with larger percentages of foreign-born persons.

In summary, ancestry groups with the largest pre-1964 populations gained proportionally fewer persons than groups with smaller ancestry enclaves and a less pronounced presence in the American population. In all instances, however, these newer Eastern and Southern European immigrants constitute a small percentage of their respective ancestry groups, and the ancestry groups themselves are a small percentage of the American population. Yet the foreign-born segments of ancestry groups have enriched ancestry-group tradition and settlement, and they have modestly increased their ancestry group's numbers in previously settled-in communities.

Eastern and Southern European foreign-born populations have settled in the following clusters:

1. Of foreign-born Hungarians, 72.7 percent live in California, Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania.

2. Of foreign-born Soviets, 84.1 percent live in California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, and Pennsylvania.

3. Of foreign-born Poles, 91.6 percent live in California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, and Wisconsin.

4. Of foreign-born Greeks, 79.5 percent live in California, Connecticut, Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, and Pennsylvania.

5. Of foreign-born Italians, 93.0 percent live in California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, and Rhode Island.

TABLE 3

EASTERN AND SOUTHERN EUROPEANS IN THE UNITED STATES, NUMBER AND AS PERCENTAGE OF THE U.S. FOREIGN-BORN POPULATION

	Pre-1960	1960-64	1965-69	1970-74	1975-80	1965-80	Total
	U S. Foreign-born from Eastern and Southern Europe as a Percentage of all U S Foreign-born						
Eastern Europe	17	5	4	2	4	3	9
Southern Europe	15	9	12	9	4	7	11
Eastern and Southern Europe	33	15	16	11	8	11	20
	U S. Foreign-born from Eastern and Southern Europe						
Eastern Europe	930,599	68,306	64,727	54,054	133,708	252,489	1,251,394
Bulgaria	4,009	539	1,770	1,090	1,055	3,915	8,463
Czechoslovakia	87,273	5,214	11,667	4,852	3,701	20,220	112,707
Estonia	10,661	663	317	155	373	845	12,169
Hungary	116,893	7,787	7,811	6,433	5,444	19,688	144,368
Latvia	32,021	928	562	321	517	1,400	34,349
Lithuania	44,641	1,429	865	556	703	2,124	48,194
Poland	311,688	34,227	26,302	20,950	24,961	72,213	418,128
Rumania	37,547	5,148	6,111	6,805	11,383	24,299	66,994
USSR	285,866	12,371	9,322	12,892	85,571	107,785	406,022
Southern Europe	817,619	124,027	221,114	195,368	130,489	546,971	1,488,617
Albania	4,899	549	1,127	555	251	1,933	7,381
Greece	85,057	16,564	41,949	40,211	27,217	109,377	210,998
Italy	580,462	67,515	83,492	67,344	33,109	183,945	831,922
Portugal	44,371	16,822	55,128	49,268	46,025	150,421	211,614
Spain	22,585	11,054	14,338	13,188	12,570	40,096	73,735
Yugoslavia	80,245	11,523	25,080	24,802	11,317	61,199	152,967
World	5,384,641	1,327,088	1,807,814	2,225,339	3,335,024	7,368,177	14,079,906

SOURCE Derived from U S , Department of Commerce, Bureau of the Census, *1980 Census of Population, Foreign-born Population in the United States*, microfiche (Washington, DC Government Printing Office, 1984)

TABLE 4
U.S. POPULATION OF EASTERN AND SOUTHERN EUREOPEAN ANCESTRY AND FOREIGN-BORN, 1980

	Population by Ancestry Group	Percentage That Is Foreign-born
Eastern Europe	17,655,328	5.4%
Bulgaria	42,504	19.9%
Czechoslovakia	2,669,262	4.2%
Czech	1,892,456	
Slovak	776,806	
Estonia	25,994	46.8%
Hungary	1,776,902	8.1%
Latvia	92,141	37.2%
Lithuania	742,776	6.4%
Poland	8,463,137	4.9%
Polish	8,228,037	
Slavic	172,696	
Eastern European	62,404	
Rumania	315,258	21.0%
USSR	3,527,354	3.0%
Russian	2,781,432	
Belorussian	7,381	
Ruthenian	8,485	
Ukrainian	730,056	
Southern Eueope	15,181,055	9.2%
Albania	38,658	19.0%
Greece	965,909	21.8%
Greek	959,856	
Cypriot	6,053	
Italy	12,183,692	6.8%
Portugal	1,024,351	20.6%
Spain	127,897	57.6%
Spanish	84,757	
Basque	43,140	
Yugoslavia	850,548	7.2%
Croatian	252,970	
Serbian	100,941	
Slovene	126,463	
Yugoslavian	360,174	

SOURCES Derived from *Foreign-born Population in the United States;* U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population, Ancestry of the Population by State,* PC80-1-10 (Washington, DC. Government Printing Office, 1983).

6. Of foreign-born Portuguese, 93.7 percent live in California, Connecticut, Massachusetts, New Jersey, New York, and Rhode Island.

The National Center for Urban Ethnic Affairs' study, "Who's Left in Neighborhoods,"[5] an analysis of 86 working-class neighborhoods in 18 cities from 1970 to 1980, indicates that Italian, Hungarian,

5. Paul Kochanowski et al., "Who's Left in Neighborhoods?" (Unpublished manuscript, National Center for Urban Ethnic Affairs, 1985)

TABLE 5

DISTRIBUTION OF FOREIGN-BORN AND SELF-DESIGNATED ANCESTRY POPULATION: NUMBER, REGION, PERCENTAGES, AND TYPES OF ANCESTRY

	Regional Distribution of Ancestry Types				Ancestry Types as a Percentage of Regional Population				
	ALOSAG*	Single ancestry	Multiple ancestry	Foreign-born	ALOSAG*	Single ancestry	Multiple ancestry	American	Not reported
Northeast	42,988,195	27,421,043	15,567,152	4,505,923	87.5	55.8	31.7	3.9	7.7
North Central	50,120,013	28,592,262	21,527,751	2,114,190	85.1	48.6	36.6	5.1	9.2
South	57,656,592	40,171,946	17,484,646	2,894,757	76.5	53.3	23.2	9.0	13.7
West	37,537,638	22,379,427	15,158,211	4,565,036	86.9	51.8	35.1	3.7	8.4

	Eastern European Ancestry				Southern European Ancestry			
	ALOSAG*	Single ancestry	Multiple ancestry	Foreign-born	ALOSAG*	Single ancestry	Multiple ancestry	Foreign-born
Northeast	7,143,297	4,140,561	3,002,736	579,886	8,097,017	5,147,553	2,949,464	922,933
North Central	6,046,501	3,158,852	2,887,649	317,677	2,688,271	1,314,424	1,373,847	246,444
South	2,289,445	1,257,086	1,032,359	159,915	1,890,163	945,682	944,481	128,070
West	2,176,084	1,088,721	1,087,363	183,394	2,515,375	1,240,388	1,274,987	195,168

SOURCES Developed from *Ancestry of the Population by State; Foreign-born Population in the United States.*

*At least one ancestry group

TABLE 6
DISTRIBUTION OF EASTERN AND SOUTHERN EUROPEAN ANCESTRY GROUPS BY REGION OF THE UNITED STATES, 1980 (Percentage) AND INDEX OF DISSIMILARITY TO WELSH AMERICAN DISTRIBUTION BY REGION

	Northeast (percentage)	North Central (percentage)	South (percentage)	West (percentage)	Dissimilarity to Welsh American Distribution (index)
Welsh	24 7	26.3	21.6	26.9	
Portuguese	50 1	3.0	5.9	41.0	21.9
Slovene	17.2	70.4	4.0	8.4	21 8
Slovak	50 1	39.0	6.4	4 5	18.8
Italian	56.9	16.4	12 8	14.0	16.1
Ukrainian	55.1	23.2	10.9	10 9	15.2
Serbian	25.2	54.2	7.5	13.0	14.0
Polish	40 6	38.3	11.5	9.6	13 7
Lithuanian	47.2	30.0	12.0	10.9	12 8
Russian	48 0	17.1	15 9	19 1	11.6
Czech	17.8	49 2	18 4	14 6	11 2
Hungarian	39 4	33.0	13.5	14.0	10 5
Slavic	39.6	31 0	11.4	18.0	9.5
Greek	40.4	24.3	17.5	17.7	7.9
Rumanian	39.5	27.3	14 5	18.7	7.7
Yugoslavian	24 2	33.7	9.7	32.3	6.2

SOURCE: Developed from *Ancestry of the Population by State.*

Polish, black, Hispanic, and multiethnic urban neighborhoods have retained their respective ethos and population mix for yet another decade. There is little evidence of homogenization.

The flow and settlement of the newest Southern and Eastern Europeans form a two-tiered pattern. The first tier includes those states with the highest concentrations of Eastern and Southern European foreign-born persons: California, Connecticut, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Ohio, and Rhode Island. The second tier includes more moderate concentrations in states such as Arizona, Colorado, Georgia, Indiana, Minnesota, Missouri, Texas, Virginia, and Wisconsin.

SOCIAL AND ECONOMIC CHARACTERISTICS

Intensified further analysis of new immigrant interaction, conflict, and accommodation in both the first- and second-tier states would contribute immensely to our understanding of America. The settling-in process is, in part, a regional phenomenon, influenced by previous settlement patterns and by opportunities that have surfaced in the West and South. However, other indicators reveal that the newest immigrants are quite different from ethnic Americans. Even a cursory view of income and economic indicators reveals that they have clearly different occupational patterns; revealed, too, are disparities

that may suggest prejudice and discrimination based on their national origins.

Understanding disparities related to national origin begins by understanding that emigration is not a tourist trip. It has never been easy to leave family and friends and undertake often long and dangerous journeys to live and to work, usually in the lowest and most menial jobs, among strangers who do not speak one's own language. Contrary to self-serving tales of the sending countries and to false prophecy of nativists in America, immigrants have come because they were ambitious, wanted to work, and desired to succeed. Moreover, most immigrants, especially political refugees from Eastern Europe, have shared another major aspect of the American dream that in its best and most generous form is the promise of a place to live in freedom, with honor and dignity. For economic refugees from depressed regions of Southern Europe the American dream also promised an opportunity to provide security to their families, to educate their children, and to raise them to be good and useful human beings. To build communities in America has been a survival strategy for Eastern and Southern European immigrants. To organize unions and open businesses have been necessities. To found and fund churches, self-help societies, and cultural clubs have been their ways of becoming American. The European roots of these populations is certainly relevant, but what has often been neglected and frequently misunderstood about Eastern and Southern European populations is that the influences of America on them may be more important than their European roots.

The 1980 census promised a fresh source of data for an analysis of social and economic characteristics, education, housing, occupation, language, and mobility among populations of Eastern and Southern European ancestry. Unfortunately, complete tabulation and publication of these data have been postponed by the U.S. Bureau of the Census. Nonetheless, the National Opinion Research Center's data file pioneered by Andrew Greeley and William McCready revealed that in 1974 ethnic Americans were "not socially, economically or politically oppressed." Greeley writes:

> They are not dissatisfied with American society; on the contrary, they are pleased by it and loyal to it. The Irish, the Germans, and the Italians have prospered in the United States and have moved above the national average for those areas of the country in which they live. Eastern Europeans are lagging behind somewhat, but they cannot be considered among the economically disadvantaged. The alienated, angry, hostile, hard-hat ethnic is a fiction of liberal journalists and intellectuals. All existing research shows that from its beginning the Catholic ethnic was more likely to be opposed to the war in Vietnam than his native American counterpart. The image of the militant ethnic ready to rally to some divisive fascist movement is false.[6]

But such indicators are only part of the portrait. The findings of Professor Thaddeus Radzialowski, a social historian of ethnicity in America, illustrate the fluid form of social imagery that will surely continue in a multiethnic society. He reports that:

> during the first hundred years that the Polish community in Detroit has existed, the American view of the immigrant and his progeny has changed considerably. The brutish, anti-

6 Andrew M Greeley, *Ethnicity in the United States: A Preliminary Reconnaissance* (New York: John Wiley, 1974), pp 284-85.

democratic ignoramus; the strikebreaking supplanter of honest American labor; the advance guard of anarchism and bolshevism; the mindless tool of the papal conspiracy was transformed by the 1940s into the kindly, gentle, slightly comic fellow who, waving his citizenship papers proudly, burbled heartwarming patriotic cliches in his broken, nightschool English. Now, he is again transformed into the racist hard-hat.[7]

Radzialowski goes on to note that the stereotypes held about ethnic populations reveal and project the hopes and fears of the American society. The current debate about immigrants illustrates his point. In point of fact, it is precisely the lack of adequate information and lack of knowledge about ethnic populations that generally contributes to groundless generalizations. Though national-level data tend to support exaggerations of success or lack of achievement, and could support stereotypes, the paucity of hard evidence in this field warrants careful attention to social and economic indicators for ethnic and foreign-born populations.

Tables 7, 8, 9, and 10 present the available array of income, occupational, and class data for foreign-born Eastern and Southern European immigrants alongside data about other selected populations. Although the scope of this article and the lack of additional census file data permit neither exploring the explanatory power of indicators such as age, education, and region nor employing sophisticated decomposition of factors, a commonsense view of the 1980 indicators presented in these tables yields various interesting patterns of racial or ethnic diversity among native-born and foreign-born populations. Examining the rich diversity and patterns contained within these data provokes a fresh and expanded understanding of the American social economy. Some of the interesting findings that are derived from these tables include the following:

1. Work force participation by foreign-born, post-1965 immigrants was higher than the national average.
2. Immigrants were less likely to have worked full-time, and their experience of some unemployment was similar to the experience of black Americans.
3. The percentage of pre-1965 foreign-born immigrants in the civilian work force who were unemployed was at the national average. The percentage unemployed was higher than the national average for post-1965 arrivals, but, except for Albanian and Soviet immigrants, clearly below the average for the black population.
4. Foreign-born populations were less likely to be government workers and more likely to be self-employed.
5. For the most recent immigrants, median household income and the percentage of families below the poverty level were between the corresponding measures for black and Hispanic Americans.
6. The most recent Eastern and Southern European immigrants, except those from Estonia and the USSR, had incomes that were higher than the average for all foreign-born persons.
7. The percentage of families below the poverty level among immigrants from Eastern and Southern Europe was lower than the percentage for black, Hispanic, and Asian Americans. Only those from Albania and the USSR had percentages that approach the average for all foreign-born populations.

(text continues on p. 74)

7. Thaddeus C. Radzialowski, "A View from a Polish Ghetto. Some Observations of the First One Hundred Years in Detroit," *Ethnicity*, 1(2): 150 (July 1974).

TABLE 7

EMPLOYMENT MEASURES FOR SELECTED ANCESTRY AND ETHNIC CATEGORIES AND FOR EASTERN AND SOUTHERN EUROPEAN FOREIGN-BORN BY PLACE OF BIRTH (Percentage)

	Over 16 in Work Force	Full time, or 50 52 Weeks	Had Some Unemployment in 1979	Was Unemployed in Civilian Work Force	Class of Worker: Private wage and salary	Class of Worker: Government	Class of Worker: Self Employed	Class of Worker: Unpaid Family
U.S. Native born								
Total	62.0	61.6	17.9	6.5	75.6	17.1	6.8	0.5
White	62.2	63.1	16.7	5.8	76.0	16.0	7.5	0.6
Black	59.4	51.3	26.1	11.8	70.3	27.1	2.4	0.1
Spanish origin	63.4	54.0	23.9	8.9	80.9	15.1	3.8	0.3
Asian	66.6	57.4	18.3	4.7	76.2	17.1	6.1	0.6
Italian	61.2	65.6	15.6	5.7	76.6	16.2	6.9	0.4
Polish	59.7	65.6	14.9	5.6	78.9	14.8	5.9	0.4
English	58.9	69.3	15.6	5.4	74.0	16.9	8.6	0.6
German	62.7	83.1	14.7	4.9	75.2	14.7	9.3	0.8
Irish	59.9	61.2	16.6	5.7	76.0	17.3	6.6	0.5

Foreign born

Year of arrival	Over 16 in Work Force: Pre 1965	Over 16 in Work Force: 1965 and after	Full time: Pre 1965	Full time: 1965 and after	Had Some Unemployment: Pre 1965	Had Some Unemployment: 1965 and after	Was Unemployed: Pre 1965	Was Unemployed: 1965 and after	Private wage: Pre 1965	Private wage: 1965 and after	Government: Pre 1965	Government: 1965 and after	Self Employed: Pre 1965	Self Employed: 1965 and after	Unpaid Family: Pre 1965	Unpaid Family: 1965 and after
Total	46.5	66.2	55.7	47.6	16.2	24.4	5.5	7.6	77.6	85.7	13.0	9.3	8.8	4.5	0.6	0.4
Eastern Europe	33.8	67.3	55.9	49.5	13.2	26.4	5.3	8.3	77.4	85.9	10.1	7.4	11.8	6.2	0.6	0.4
Bulgaria	41.6	71.4	62.0	57.1	11.0	21.6	3.7	7.2	74.6	76.0	11.0	7.6	14.0	15.3	0.4	1.0
Czechoslovakia	34.0	73.4	57.4	59.3	12.2	18.0	4.8	5.6	75.7	81.6	11.2	9.2	12.3	8.8	0.7	0.4
Estonia	46.7	62.7	61.1	52.6	11.0	17.0	2.7	2.9	76.2	74.6	14.6	16.6	8.4	7.6	0.7	1.2
Hungary	40.6	69.6	59.8	55.5	14.0	20.2	5.1	5.5	76.5	82.8	10.2	5.7	12.8	10.8	0.5	0.6
Latvia	48.5	59.2	63.5	56.8	9.9	13.8	4.6	5.5	74.3	71.4	16.8	17.6	8.2	10.7	0.7	0.0
Lithuania	34.2	58.1	60.3	59.5	12.3	16.5	4.6	8.4	77.6	85.4	11.2	7.2	10.3	7.3	0.8	0.0
Poland	35.3	74.1	56.5	55.4	13.9	21.0	5.5	6.4	80.4	90.2	8.2	5.5	10.8	4.0	0.6	0.2
Rumania	38.8	72.5	56.7	53.3	13.6	23.6	5.4	7.8	76.1	84.5	9.8	7.5	13.5	7.7	0.7	0.3
USSR	26.0	58.7	49.0	37.3	13.1	27.2	5.9	12.1	75.1	84.9	11.1	9.2	13.3	5.4	0.5	0.4
Southern Europe	38.3	71.2	55.5	48.9	13.2	26.4	6.0	7.6	78.0	87.9	13.0	5.4	11.4	6.2	0.6	0.4
Albania	38.5	63.6	58.0	52.0	13.2	23.4	6.9	20.2	78.3	88.4	9.1	6.3	11.4	5.3	1.2	0.0
Greece	46.0	67.6	57.2	35.5	14.6	20.4	4.8	7.2	73.1	82.5	7.7	4.4	18.0	12.2	1.1	0.9
Italy	35.0	68.8	54.7	50.9	16.7	22.4	6.4	8.5	77.7	86.5	10.5	6.3	11.3	6.8	0.4	0.4
Portugal	47.9	80.0	53.7	53.8	18.9	21.4	7.2	6.8	83.2	93.5	9.8	4.2	6.4	2.0	0.6	0.2
Spain	43.9	57.7	51.2	49.3	16.4	22.1	5.6	6.4	77.8	83.5	13.4	10.6	8.5	5.5	0.3	0.5
Yugoslavia	44.5	73.2	61.3	53.8	12.9	21.1	4.6	8.5	81.4	89.2	9.6	5.0	8.3	5.5	0.6	0.3
Southern and Eastern Europe	36.1	70.0	55.7	55.5	14.7	23.0	5.7	7.8	77.7	87.3	10.1	6.0	11.6	6.2	0.5	0.4

SOURCES: Developed from *General Social and Economic Characteristics; Foreign-born Population in the United States.*

TABLE 8

INCOME AND EMPLOYMENT MEASURES FOR SELECTED ANCESTRY AND ETHNIC CATEGORIES AND FOR EASTERN AND SOUTHERN EUROPEAN FOREIGN-BORN BY PLACE OF BIRTH AND PERIOD OF IMMIGRATION, 1975-80 AND BEFORE 1959

	Median Household Income		Families below Poverty Level		Average Number of Weeks of Unemployment in 1979		
	Ancestry and Ethnic Categories						
Total	$16,841		9.6%		14.5		
White	17,680		7.0%		13.9		
Black	10,943		26.5%		17.8		
Spanish origin	13,502		21.3%		14.4		
Asian	19,966		10.7%		13.1		
Italian	19,026		5.4%		15.6		
Polish	19,009		4.5%		15.0		
English	16,746		8.3%		14.1 13.3		
German	18,307		5.6%		13.2 12.4		
Irish	17,256		7.0%		14.7-13.4		
	Foreign born						
Year of arrival	All Foreign-born	1975-80	All Foreign-born	1975-80	All Foreign-born	1975-80	Pre 1959
Total	$14,588	$12,275	10.5%	23.1%	14.5	16.2	13.9
Eastern Europe							
Bulgaria	$17,829	$14,069	5.5%	26.2%	16.6	20.0	16.2
Czechoslovakia	13,912	17,201	4.3%	9.8%	15.6	18.6	10.6
Estonia	17,397	7,515	2.7%	23.6%	15.2	15.5	18.4
Hungary	14,403	15,840	5.0%	13.6%	16.1	17.1	12.3
Latvia	17,211	15,875	3.0%	23.3%	15.8	16.0	10.7
Lithuania	13,268	13,618	4.1%	18.4%	15.5	16.4	11.8
Poland	13,748	13,917	4.4%	12.2%	16.0	18.4	14.2
Rumania	15,353	14,583	6.3%	17.3%	16.2	18.8	12.8
USSR	10,021	7,790	10.3%	36.5%	16.0	19.1	14.1
Southern Europe							
Albania	13,572	10,017	10.4%	29.2%	17.5	16.3	16.2
Greece	16,103	12,151	8.1%	18.2%	15.5	16.5	15.2
Italy	13,736	16,072	6.0%	11.3%	16.2	17.1	14.8
Portugal	17,345	16,635	7.4%	11.8%	13.4	16.1	12.1
Spain	14,947	14,980	8.3%	13.7%	14.6	18.1	12.1
Yugoslavia	18,321	17,445	5.1%	11.0%	15.3	15.3	15.0

SOURCES: Developed from *General Social and Economic Characteristics; Foreign-born Population in the United States.*

TABLE 9

DISTRIBUTION BY OCCUPATION FOR ANCESTRY, ETHNIC, AND FOREIGN-BORN GROUPS (Percentage)

	Agriculture Forestry, and Fisheries	Mining	Construction	Manufacturing	Transportation, Communications and Public Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	Professional and Related Services	Public Administration
					Ancestry and Ethnic Categories					
Total	3.0	1.1	5.9	22.4	7.3	20.4	6.0	8.4	20.3	5.3
White	3.0	1.1	6.1	22.3	7.1	21.2	6.2	8.1	19.9	5.0
Black	1.7	0.5	4.3	23.2	8.9	13.9	4.8	10.5	24.6	7.5
Spanish origin	4.8	1.1	6.4	27.1	6.4	19.8	4.8	10.0	15.1	4.7
Asian	2.2	0.3	3.0	20.4	5.7	22.8	6.7	9.7	23.7	5.5
Italian	1.0	0.4	6.1	22.0	7.8	22.9	7.5	9.0	17.9	5.4
Polish	1.3	0.5	4.4	29.3	7.0	19.9	6.2	7.5	19.0	4.9
English	3.6	1.6	6.6	22.8	7.2	19.9	6.1	7.8	19.6	5.1
German	5.1	1.0	7.4	23.4	7.2	20.3	5.8	7.4	18.8	4.5
Irish	2.4	1.1	6.3	20.3	8.4	20.4	7.0	7.7	20.4	6.1

Foreign born

Year of arrival	Agriculture Pre-1965	Agriculture 1965 and after	Mining Pre 1965	Mining 1965 and after	Construction Pre 1965	Construction 1965 and after	Manufacturing Pre 1965	Manufacturing 1965 and after	Transportation Pre 1965	Transportation 1965 and after	Wholesale Pre 1965	Wholesale 1965 and after	Finance Pre 1965	Finance 1965 and after	Services Pre 1965	Services 1965 and after	Professional Pre 1965	Professional 1965 and after	Public Adm. Pre 1965	Public Adm. 1965 and after
Total	2.7	3.8	0.4	0.5	5.3	4.8	24.5	30.6	6.1	4.2	20.7	20.2	6.6	5.5	10.3	12.2	19.6	17.2	3.7	2.2
Eastern Europe	1.0	0.5	0.2	0.3	4.2	4.3	31.4	35.5	4.2	4.1	20.6	16.8	6.8	5.9	9.5	12.7	19.1	18.3	2.9	2.6
Bulgaria	0.4	0.8	0.3	0.0	5.9	9.2	25.7	22.8	7.1	9.2	15.2	20.2	8.0	7.5	12.9	11.0	22.0	21.4	2.4	2.0
Czechoslovakia	1.2	0.7	0.4	0.7	3.9	5.2	27.6	27.8	5.2	4.8	22.7	18.9	6.2	6.1	9.6	11.7	20.1	22.3	3.1	1.7
Estonia	1.6	0.0	0.5	0.0	5.3	4.8	27.4	18.7	5.3	2.8	12.1	40.1	8.9	9.4	10.1	13.1	26.2	19.8	3.6	2.8
Hungary	1.2	0.9	0.4	0.3	5.4	6.8	32.4	31.0	3.9	3.9	17.9	18.0	6.7	5.8	10.4	14.1	19.0	18.0	2.9	1.3
Latvia	1.0	0.0	0.1	1.8	5.6	7.5	29.2	19.3	3.6	5.8	14.1	11.1	6.1	3.8	8.1	9.0	27.9	39.3	4.4	2.4
Lithuania	0.6	0.0	0.4	0.0	4.0	2.4	31.5	29.1	5.0	4.2	17.6	15.5	6.4	9.5	7.8	12.4	23.3	22.7	3.4	3.4
Poland	0.1	0.4	0.1	0.2	3.8	4.6	35.9	45.9	4.1	3.1	21.9	11.5	6.4	5.4	9.2	11.3	15.6	13.7	2.3	0.9
Rumania	0.8	0.2	0.1	0.1	4.7	4.4	26.8	29.6	3.7	4.6	23.0	17.7	6.0	6.8	9.0	17.1	22.6	22.3	10.4	9.9
USSR	1.6	0.4	0.1	0.3	3.7	2.5	27.2	31.0	4.2	4.6	21.7	17.7	8.0	5.9	9.9	12.7	20.2	20.2	3.2	2.4
Southern Europe	1.6	2.0	0.2	0.1	8.2	8.2	30.3	42.2	3.8	3.3	23.3	22.8	5.1	3.9	7.2	8.4	12.8	7.9	2.7	1.8
Albania	0.0	0.8	0.0	0.0	4.3	2.4	23.9	24.8	4.4	4.2	38.0	20.7	7.8	18.1	7.9	22.5	14.3	5.6	1.6	1.5
Greece	0.5	0.2	0.1	0.1	5.4	7.7	20.2	25.1	4.1	3.2	41.2	43.2	5.0	3.0	9.6	8.7	13.5	6.5	2.3	0.1
Italy	1.3	1.5	0.2	0.1	9.2	9.7	29.8	37.8	6.4	3.8	22.0	23.7	5.0	4.4	6.0	8.9	12.1	8.4	2.8	1.4
Portugal	5.4	4.3	0.2	0.0	8.7	7.8	44.1	62.4	5.7	1.8	13.1	10.4	4.0	2.6	5.0	5.4	10.6	5.9	2.2	0.7
Spain	3.0	2.5	0.5	0.6	5.5	7.9	20.7	21.4	7.7	5.4	20.9	20.2	5.5	3.7	11.4	12.9	21.1	16.8	3.7	2.5
Yugoslavia	1.4	0.5	0.2	0.1	6.0	6.3	38.7	41.9	3.9	4.6	16.9	18.3	5.7	6.8	8.7	11.5	14.6	10.1	2.6	6.2

SOURCES: Developed from *General Social and Economic Characteristics; Foreign-born Population in the United States*.

TABLE 10

DISTRIBUTION BY OCCUPATIONAL CLUSTERS FOR ANCESTRY GROUPS AND FOR FOREIGN-BORN POPULATIONS BY PERIOD OF IMMIGRATION

	U.S. Ancestry Groups (Percentage)								
	Total	White	Black	English	German	Irish	Italian	Polish	Spanish Origin
Managerial and professional	22.7	23.9	14.1	24.4	23.0	24.2	23.2	23.5	18.5
Technical and administrative	30.3	31.1	25.2	29.4	29.3	32.0	33.5	31.8	24.5
Service	12.9	11.6	23.1	10.5	11.0	12.3	12.5	11.1	1.6
Farming, forestry, and fishing	2.9	2.9	2.0	3.4	4.9	2.3	.9	1.3	4.7
Precision, craft, and repair	12.9	13.4	8.9	14.0	14.6	13.1	13.9	14.1	14.0
Operators, fabricators, and laborers	18.3	17.1	26.7	18.2	17.0	16.1	15.9	18.0	28.4

	Foreign-born Populations (Percentage)								
	All Foreign-born			Born in USSR			Born in Poland		
	Total	1964 and before	1965 and after	Total	1964 and before	1965 and after	Total	1964 and before	1965 and after
Managerial and professional	21.2	24.4	18.6	25.1	26.2	23.1	20.1	22.1	15.1
Technical and administrative	24.6	27.7	22.1	28.2	28.5	27.5	23.3	26.3	16.0
Service	16.1	14.4	17.4	13.2	14.3	11.3	13.5	12.2	17.0
Farming, forestry, and fishing	3.2	2.6	3.7	1.2	1.5	.5	.7	7	.6
Precision, craft, and repair	13.0	15.1	12.2	14.2	12.6	17.1	17.4	17.4	17.4
Operators, fabricators, and laborers	22.1	17.0	26.1	18.2	16.9	20.4	25.0	21.3	34.0
	Born in Portugal			Born in Italy			Born in Greece		
	Total	1964 and before	1965 and after	Total	1964 and before	1965 and after	Total	1964 and before	1965 and after
Managerial and professional	5.0	10.1	3.5	14.1	16.2	9.7	22.1	27.6	18.2
Technical and administrative	11.6	17.0	10.0	18.4	20.2	14.8	16.8	20.3	14.2
Service	10.0	11.0	9.8	16.3	15.8	17.6	25.0	20.3	28.3
Farming, forestry, and fishing	4.6	5.5	4.3	1.6	1.6	1.7	.5	.6	.3
Precision, craft, and repair	15.8	17.6	15.3	22.0	21.7	22.6	16.7	13.9	18.8
Operators, fabricators, and laborers	53.0	38.8	57.1	27.6	24.5	40.0	18.9	15.0	21.8

Base	Ancestry Group	Index	Base	Ancestry Group	Index	Base	Ancestry Group	Index
				Indexes of Dissimilarity				
Polish	Polish FB total*	4.20	English	Polish	0.90	White	USSR FR 65-A	2.56
	Polish FB 64-B†	2 53		USSR FB	1.23	(cont.)	Polish FB 64-B	2.90
	Polish FB 65-A‡	8 35		Italian	2.18		FB total	3.02
				FB total	3.12		Polish FB total	4.33
Italian	Italian FB total	5 88		Polish FB	4.38		Greece FB 64-B	4.46
	Italian FB 64-B	6 75		Spanish origin	5.53		FB 65-A total	5.03
	Italian FB 65-A	12 15		Greece FB	5.97		Greece FB total	5.86
				Italian FB	7.20		Spanish origin total	5.95
Irish	Italian	0 85		Portuguese	12.58		Italian FB 64-B	6 41
	Polish	1 00					Black total	7.03
	USSR FB§	1.65	White	Irish	0.62		Italian FB total	7 70
	FB total	2 53		Polish	0.63		Greece FB 65-A	8.45
	Greece FB	4 70		English	1.13		Polish FB 65-A	8.48
	Polish FB	4 80		Italian	1 25		Portuguese FB 64-B	9.50
	Spanish origin	6.62		FB 64-B total	1.25		Italian FB 65-A	11.42
	Italian FB	8 05		German	1.32		Portuguese FB total	13 30
	Portuguese FB	13 96		USSR FB total	1.40		Portuguese 65-A	14 65
				USSR FB 64-B	1.45			

SOURCES. Developed from *General Social and Economic Characteristics; Foreign-born Population in the United States.*

*"FB Total" indicates all foreign-born who immigrated, regardless of when

†"FB 64-B" indicates all foreign-born who immigrated in 1964 or before

‡"FB 65-A" indicates all foreign-born who immigrated in 1965 or after

§"FB" stands for foreign-born

8. Foreign-born arrivals prior to 1975 ad more weeks of unemployment than ıe overall white population, but those rior to 1959 had generally fewer.

9. Foreign-born Estonians, Latvians, ithuanians, and Poles had the lowest ercentages of families below the pov- rty level.

10. Distribution of foreign-born pop- lations among various sectors of the conomy and among various occupation ategories revealed diversity and variety s well as clustering.

11. Portuguese immigrants were clus- red in agriculture, forestry, and fishing nd were highly dissimilar to Irish, nglish, and white populations.

12. Italian immigrants had a large oncentration in construction. Like oles, they had low indices of dissimi- ırity to other ancestry groups but were ighly dissimilar to foreign-born per- ons of the same ethnicity.

13. Eastern and Southern Europeans ere employed in manufacturing, whole- ale trade, and professional services at ates that were higher than those of ative-born workers.

14. Greek, Portuguese, and Italian oreign-born in various states had high ıdices of dissimilarity to the foreign- orn from the United Kingdom.

15. Among Eastern and Southern European foreign-born, only Rumanian mmigrants had a higher percentage of mployment in public administration han the national average.

LOCAL-LEVEL ANALYSIS AND APPROACHES

While the available data should be robed further with careful analytical ools, the indicators in Tables 11-14 uggest the value of local- and state-level analysis of occupational patterns. The great disparities between recent Southern European immigrants—Greeks, Italians, and Portuguese—and recent U.K. immigrants in California, Florida, Illinois, Connecticut, Massachusetts, Michigan, Pennsylvania, New Jersey, Rhode Island, and New York suggest a massively uneven contest for the prizes of achievement and accomplishment in America. The record of economic mobility and ethnic ancestry has been barely charted.

Russell Barta's 1972 findings on Poles, Italians, Hispanics, and blacks in the executive suites of Chicago's largest corporations were updated in 1984[8] (see Tables 11, 12, and 13) and illustrate persistent disparities for the largest Eastern and Southern European ancestry groups with respect to the larger society.

1. In 1983, Poles, Italians, Hispanics, and blacks continued to be virtually absent from the upper echelons of Chicago's largest corporations.

2. Considering the high proportion of Hispanics, Poles, Italians, and blacks in the population of the Chicago metropolitan area, each group was grossly underrepresented in these major executive suites, and change remained excessively slow.

3. The number of corporations without any director or officer who was black, Hispanic, Italian, or Polish decreased between 1972 and 1983. While there was a slight increase in the number of blacks as directors and in the number of Poles as officers, blacks and Poles continued to be underrepresented in these respective areas.

8. Russell Barta, "Minority Report #2" (Unpublished manuscript, National Center for Urban Ethnic Affairs and Urban Life Institute, 1984).

TABLE 11

REPRESENTATION OF SELECT ETHNIC GROUPS ON THE BOARDS OF DIRECTORS AND AMONG THE OFFICERS OF THE LARGEST CHICAGO-AREA CORPORATIONS, 1972 AND 1983

	Directors				Officers			
	1983		1972		1983		1972	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Poles	0.5	(6)	0.3	(4)	2.6	(37)	0.7	(10)
Italians	2.2	(26)	1.9	(26)	2.9	(41)	2.9	(39)
Hispanics	0.2	(2)	0.1	(1)	0.1	(2)	0.1	(2)
Blacks	1.8	(22)	0.4	(5)	0.5	(7)	0.1	(1)
All other	95.3	(1,151)	97.3	(1,305)	93.9	(1,341)	96.2	(1,303)
Total	100.0	(1,207)	100.0	(1,341)	100.0	(1,428)	100.0	(1,355)

SOURCE Russell Barta, "Minority Report #2" (Unpublished manuscript, National Center for Urban Ethnic Affairs and Urban Life Institute, 1984).
NOTE: Data based on the annual reports of 92 corporations in 1983, with 2635 officers and directors, and 106 companies in 1972, with 2608 officers and directors.

TABLE 12
REPRESENTATION OF SELECT ETHNIC GROUPS IN CHICAGO METROPOLITAN AREA AND AS BOARD DIRECTORS OR OFFICERS OF THE AREA'S LARGEST CORPORATIONS (Percentage)

	Area Population	1983 Directors	1983 Officers
Poles	11.2	0 5	2.6
Italians	7.3	2.2	2.9
Hispanics	8.2	0.2	0.1
Blacks	20.1	1.8	0.5
All other	53.2	95.3	93 9
Total	100.0	100.0	100.0

SOURCE: Barta, "Minority Report #2."
NOTE: The Chicago metropolitan area includes six counties Cook, Kane, Will, DuPage, Lake, and McHenry. Their combined population in 1980 was 7,103,645 According to the U.S. Bureau of the Census, there were 797,402 Poles, 515,879 Italians, 1,427,826 blacks, and 580,609 Hispanics in the Chicago metropolitan area. In answering the 1980 census question on ancestry, some reported two, three, or more ancestry groups For Poles and Italians, the count here is for those who indicated one or two ancestries, one of which was Polish or Italian According to the U.S Bureau of Census, the 1970 Chicago Metropolitan Area population was 6,979,000. The 1972 Minority Report indicated that Poles made up 6.9 percent of the area population; Italians, 4.8 percent, Hispanics, 4.4 percent; and blacks, 17.6 percent; and that all four groups comprised 33.7 percent of the area's population

4. The proportion of Italians in Chicago's executive suites in 1983 remained almost unchanged from that in 1972.

5. In 1983, Hispanic representation in high-level, decision-making positions remained almost nonexistent.

6. Italians and Poles with executive positions continued to be concentrated in financial institutions. Blacks were more likely to be present in corporations directly serving the public, such as utilities, banks, and food companies.

These data suggest a far different pattern of ethnic and racial participation in corporate America than could be obtained from the national data arrayed in Tables 8, 9, and 10. In other regions and for other groups the configuration may be different, but the need to ascertain such information is clearly required in a nation that claims not to be concerned with accident of birth and that has outlawed discrimination based on national origin.

A single-minded, mechanical and statistical focus on disparities between our diverse ethnic and ancestry groups could tend to exacerbate and trivialize the complex dynamics of the social economy that constitutes the American reality. What is required is a traditional political, educational, and community-organizing approach to resolving conflict, managing tension, and fashioning the social fabric of a multiethnic society. Its thrust should be to reduce alienation and to acknowledge that in the many regional contexts ethnic and ancestry groups are the building blocks of the community personality and cohesion needed desperately in a modern society.

Ethnic and racial cleavages have been avoided through the accommodation of diverse interests and through widening the scope of salient issues beyond concerns or appeals that are excessively ethnically or racially specific. The outlawing of discrimination based on na-

TABLE 13

PERCENTAGE AND NUMBER OF 92 CORPORATIONS THAT HAD NO DIRECTORS OR OFFICERS WHO WERE POLES, ITALIANS, HISPANICS, OR BLACKS, 1983 AND 1972

	Without Director				Without Officer			
	1983		1972		1983		1972	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Poles	94 6	(87)	96 2	(102)	76 1	(70)	91.5	(97)
Italians	79 3	(73)	79 2	(84)	67.4	(62)	70.7	(75)
Hispanics	97 8	(90)	99 0	(105)	97 8	(90)	98.1	(104)
Blacks	77.2	(71)	95 3	(101)	94 6	(87)	99.0	(105)

SOURCE. Barta, "Minority Report #2"

NOTE: Of the corporations, 28.3 percent had no Poles, Italians, Hispanics, or blacks either as directors or as officers in 1983, compared to 51.9 percent in 1972. Data based on 106 annual reports for 1972 and 92 for 1983

TABLE 14
INDEXES OF DISSIMILARITY TO IMMIGRANTS FROM THE UNITED KINGDOM FOR SELECTED SOUTHERN EUROPEAN IMMIGRANTS IN THE UNTED STATES AND SELECTED STATES, 1970-80

	Country of Origin		
	Greece	Italy	Portugal
United States	17 51	20 30	22 60
California	11.02	11.77	19.15
Connecticut	19.55	21.38	20.23
Florida	11.38	7.26	8.45
Illinois	16.50	18.05	15.05
Massachusetts	15.92	17.42	22.23
Michigan	11.09	14.03	11.03
New Jersey	18.18	18.54	21.11
New York	16.43	18.24	22.62
Pennsylvania	16.08	17 41	22.62
Rhode Island	12 78	18.66	18 66

SOURCE: Derived from U.S., Department of Commerce, Bureau of the Census, *Population Census Reports*, PC80-1-D (Washington, DC. Government Printing Office, 1984), chap. D.

tional origin in the Civil Rights Act of 1964 and the end to discrimination based on national-origin quotas in the immigration law of 1965 are testaments to the political wisdom of liberal accommodation. These laws did not assure the redress of ancient grievances and affronts, nor did they produce an influx of Eastern and Southern Europeans. They assured, however, a legal claim to and the articulation of a fresh spirit of tolerance and appreciation for diversity. With the newest immigration in full swing, the new dynamics of immigration and social economy require new leaders for coalition building as well as national and community resources. They also require adequate regulation of and reliable information about our social economy.

Most needed, however, are local efforts to organize, educate, and politically engage citizens to forge and fashion the social economy of the multicultural America for the future. It appears that local and state processes are needed to energize the building of coalitions and consensus between various segments and sectors of a pluralistic American society.

With respect to foreign-born populations, the stakes are high. Every period of economic downturn in the history of this Republic has provoked an antiforeign reaction. Yet the immigration experience is still within memory of many ancestry groups, and these populations could play a significant bridge-building role between various contenders and cultures. Unfortunately, it is not entirely certain that these populations are in the positions of leadership and authority required to shape the issues and the arena of justice. New immigration policy and approaches, the disparities and differences between old native-born power centers and various foreign-born populations and ancestry groups suggest that continued attention to prejudice and discrimination based on national origin is required. Revitalizing Ellis Island is just the beginning.

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Ethnic Groups in Flux: The Changing Ethnic Responses of American Whites

By STANLEY LIEBERSON and MARY C. WATERS

ABSTRACT: As whites become increasingly distant in generations and time from their immigrant ancestors, the tendency to distort, or remember selectively, one's ethnic origins increases. Distortions and inconsistencies in ethnic reporting are shown to vary with age, educational attainment, and marital status and even to exist within families when parents report the ethnic ancestry of their children. These examples of inconsistency, simplification, and systematic distortion all demonstrate the flux of the ethnic categories among white Americans. It is concluded that ethnic categories are social phenomena that over the long run are constantly being redefined and reformulated.

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NOTE: This article is based on data obtained for a Social Science Research Council Census Monograph project supported by the Russell Sage Foundation.

IN analyzing the economic, political, and social consequences of immigration in the United States, there is an understandable tendency to take for granted the ethnic and racial categories and to treat them as givens. Even discussions of assimilation, which, of course, imply some radical changes in the nature of ethnicity for a group, rarely allow for shifts in the ethnic categories themselves. Yet a fundamental fact about ethnic and racial groups is that they are not fixed categories, but are progressive, socially determined, and changing phenomena. As has been noted elsewhere,

> Racial and ethnic groups are not merely static entities, but also products of labelling and identification *processes* that change and evolve over time. . . . gradual shifts occur in the sets and subsets of groups found in a society such as to lead to both new combinations and new divisions. This continuous process of combining and recombining means that the very existence of a given group is not to be taken for granted; groups appear and disappear.[1]

This, of course, means that the ethnic identification and roots that persons report also have the potential of flux and are more fluid than is generally realized. Such modern North American groupings as Puerto Ricans, Mexicans, blacks, and American Indians were all formed only relatively recently in human history and clearly illustrate the dynamic character of ethnic categories.

It follows that the long-run cultural and social consequences of immigration involve more than merely the issues posed in the contrast between the melting pot and cultural pluralism. In addition, there are questions about the unfolding set of ethnic and racial categories found in the nation and about the notions that descendants of immigrants develop through the generations about their own ethnicity. In this article we provide some examples of the flux and inconsistencies inherent in the reporting of ethnic ancestry that we have discovered in the course of analyzing the new ethnic-ancestry item used by the Census Bureau in the 1980 census. In the census, all members of the population were asked to report their ancestry, and multiple responses were accepted. The flux can be seen most clearly in the inconsistencies and distortions of the ethnic origins reported by whites in the nation. We illustrate these distortions here, describe some of the conditions under which they occurred and speculate that they will contribute to the development of a new ethnic population in the United States.

This ambiguity and uncertainty is by no means confined to the descendants of European immigrant groups. In the twentieth century alone, the black, Hispanic, and American Indian categories have all shown evidence of flux and redefinition. There was a radical shift between 1970 and 1980 in the answers given by Hispanics to the race question in the census. Whereas 93 percent were white in 1970, only 56 percent were so reported in 1980. On the other hand, the numbers of Hispanics who were neither white nor black nor Asian increased in this period from 1 to 40 percent.[2] Although this reflects changes in both the race question and the census coding procedures, a shift of this magnitude also represents a

1. Stanley Lieberson, "A New Ethnic Group in the United States," in *Majority and Minority: The Dynamics of Race and Ethnicity in American Life*, 4th ed., ed. Norman R. Yetman (Boston: Allyn & Bacon, 1985), p. 444.

2. U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population*, supp report PC80-S1-7, *Persons of Spanish Origin by State* (Washington, DC: Government Printing Office, 1982), p. 5.

genuine decline in the propensity of Hispanics, during the seventies at least, to label themselves as white.

An earlier example is provided during the period when the Census Bureau's race question sought to distinguish between mulattos and unmixed blacks. A few facts are relevant here. First, the mulatto component, according to census data, dropped sharply between 1910 and 1920, from 20.9 to 15.9 percent of the total black population. This decrease is itself evidence of the social nature of self-labeling since it is almost certain that the mixed component will either increase over time or at least not decline. Second, when Herskovits surveyed the American black population in a number of settings and reviewed other studies, he found impressive evidence that the census had badly underestimated the degree of white ancestry in the American black population, a conclusion that is reinforced by the biogenetic evidence that is now available.[3] In this regard, then, there was a substantial misalignment between the way blacks viewed their ancestry and the way enumerators defined blacks or what blacks chose to tell official enumerators or both. Finally, for a number of decades there were radical and inconsistent fluctuations in the population reported as Indian among the mixed, or triracial, peoples living in the Southeast.[4] Although our analysis concentrates on the descendants of European immigrants, these examples make it clear that the volatility of ethnic and racial categories is by no means restricted to that segment of our population.

DISTORTIONS

The treatment of ethnic origin among whites in the United States is largely unofficial and relatively informal. Rights and privileges are not formally linked to ethnic origin—as they are in, say, Yugoslavia—and ethnic origin is not usually part of an official documentation as, say, in the Soviet Union. To varying degrees, white ethnic Americans differ in their official position from that occupied by American Indians or officially designated minorities who draw on certain claims—such as affirmative action or other special programs—by virtue of their status. To be sure, the history of ethnic relations in the United States is hardly marked by the absence of intense discrimination, prejudice, and stereotypes. One way or another, however, there is less of an official and inescapable tie between the individual and his or her ancestral origins. Moreover, the decline of ethnic disadvantages within the white population, the high levels of intermarriage, and spatial mobility out of ethnic ghettos would all work toward weakening knowledge of ethnic origins as the generational distance from immigrant ancestors widens through the years. All of this helps generate distortions in the knowledge and beliefs that people have about their ethnic origins.[5]

Simplification

An examination of age data suggests that there is significant simplification

3. Melville J. Herskovits, *The American Negro* (New York: Knopf, 1928), chap 1.

4. Calvin L. Beale, "Census Problems of Racial Enumeration," in *Race, Individual and Collective Behavior*, ed. Edgar T. Thompson and Everett C. Hughes (Glencoe, IL: Free Press, 1958), pp. 537-40.

5. The various types and causes of change are described in Stanley Lieberson, "Unhyphenated Whites in the United States," *Ethnic and Racial Studies*, 8(1):159-80 (Jan. 1985).

and distortion of ethnic ancestry at the point where sizable numbers of children leave home and begin to report ancestry on their own, as opposed to having their parents provide the ethnic labels. Because intermarriage among white groups has increased, one would expect the percentage of the population reporting multiple ethnic origins as opposed to a single ethnic ancestry to be progressively larger for younger age groups. In point of fact, there was a very sharp increment in the single-ancestry component beginning with those who are 18 to 24 years of age (Table 1). The percentage of the population with single ancestry jumped up sharply in the young adult ages from 32 percent, at ages 14 to 17, to 41 percent, at ages 18 to 24, and then to 48 percent, at ages 25 to 34. It was relatively stable in later ages and likewise in the younger ages, when parents did the ethnicity reporting for their offspring.

This tendency toward the simplification of ethnic origins is dramatically demonstrated in Table 2, where the analysis is confined to the population who were of at least third-generation ancestry in the United States. Such a length of residence reduces disturbance to the cross-sectional age data by immigration patterns.[6] Going from youngest to oldest respondents, one finds the percentage with single ancestry to be relatively stable up through the category of respondents 15 to 19 years old. Immediately after that point, however, there was a sharp increase from 40 to 50 percent among those 20 to 24 years of age. Accompanying these changes was a sharp decline in the numbers reporting either two ancestries or one of the special triple ancestry combinations used in the census, such as English-German-Irish.

Regarding the latter, the census recorded certain triple combinations of ethnicity that were expected to be particularly likely to be common, such as English-German-Irish. The linkage with age is stunning and is most compatible with the thesis advanced here. The high point for triple ancestry among those of at least three generations' residence in the nation was at 15 to 19 years of age, where 6.4 percent of the respondents were reported to have one of the 17 triplets recorded by the census. In the next oldest age group, 20 to 24, triple ancestry was reported by 4.0 percent, and this is followed by 2.8 percent among those who were 25 to 29. The sharp drop in the early adult ages was preceded by a relatively constant level in the younger ages and was followed by a relatively constant level—albeit lower—among the older ages. This, too, suggests that American whites tend to simplify their more complex ancestral history as they move away from home and define themselves in their own terms, as opposed to having their parents do so.

Detailed analyses are very consistent with this general pattern. For example, we examined the U.S. population who in 1980 reported German ethnic ancestry either singly or along with other ancestry groups. Looking at single years of age, those 17 or younger in 1980 who reported being of mixed German ancestry ranged narrowly from 12.25 to 12.82 percent. At the ages of separation, this percentage suddenly dropped significantly, from 12.58 for those 17 years of age to 10.54 among those who were 25.

6. The reader should note that the relative distribution of categories is different from Table 1, not only because Table 2 is restricted to the third generation, but also because Table 1 includes people who have not specified any generation.

TABLE 1
TYPE OF ANCESTRY RESPONSE, BY AGE, 1979

Age	Single	Percentage Reporting Mixed	Other
Under 5	34.47	49.24	16.30
5-13	33.93	50.20	15.87
14-17	32.28	49.19	18.54
18-24	40.64	40.52	18.85
25-34	47.97	34 91	17.13
35-44	48.74	33.20	18.06
45-54	50.76	31.75	17.49
55-64	52.09	31.16	16.76
65 and over	55.90	26.96	17.15

SOURCE U S., Department of Commerce, Bureau of the Census, *Ancestry and Language in the United States: November 1979,* Current Population Reports, series P-23, no 116 (Washington, DC Government Printing Office, 1982), tab. 2.

TABLE 2
ANCESTRY RESPONSE FOR PERSONS WITH AT LEAST THREE GENERATIONS OF RESIDENCE IN THE UNITED STATES (Percentage)

Age	Single	Type of Ancestry Reported Double	Triple	All other
Under 5	41 0	47 0	5.7	6.3
5-9	40 6	46 8	6 2	6.4
10-14	39 3	49 0	5.9	5.8
15-19	40.2	46 0	6 4	7.4
20-24	50 0	37 3	4.0	8.7
25-29	52 8	35 5	2.8	8.9
30-34	53 3	35.3	3 0	8 4
35-39	52 9	34 7	3.3	9 1
40-44	53 3	34.5	3 3	8.9
45-49	53 5	34.1	3.8	8.6
50-54	53.7	34 0	3.2	9.1
55-59	52 6	35.3	4.3	7.8
60-64	54.1	34 2	3 7	8.0
65 and over	56.9	31.2	3.8	8.1

SOURCE Calculated from tapes of the Current Population Survey, Nov. 1979, Bureau of the Census, U S Deparement of Commerce, Washington, DC

For approximately the same age group, the percentage of those who claimed single German ancestry increased from 3.99 at age 16 to 6.43 at age 25. The total percentage reporting themselves as German either exclusively or in combination with some other ancestry changed far less during the ages of early adult independence—from 16.57 at age 17 to 16.97 at 25—than did the percentages for either of these two components separately. This pattern is repeated for a number of the other large white ethnic groups as well.

A note of caution is appropriate because the cross-sectional age data we are obliged to use here and elsewhere in this analysis are less than ideal and can be interpreted in other ways. A totally appropriate analysis of age-linked distor-

tion requires comparisons between two different periods, a step that is not possible at this time because of data limitations. So these results, although compatible with the perspective taken here, should be viewed as only one part of the array of evidence that points toward simplifications of ethnic heritage. Incidentally, a longitudinal analysis during an 11-year period of ethnic identification in the Soviet Union is quite compatible with our conclusions for the United States. Net reidentification occurred and was most common among those who were 9 to 18 years old at the initial period, followed by lesser shifts among those in their twenties and thirties.[7]

Inconsistency

The relatively low level of consistency in the ethnic origins reported by families in successive years has been described and interpreted elsewhere.[8] In a nutshell, based on re-interviews one year later, the same ethnic origins were designated for only two-thirds of the individuals. There are a variety of reasons for this, not the least being the possibility that a different adult informant responded in the second survey and had different notions from those of the previous respondent about his or her own ethnicity and that of others in the family. The frequent existence of such faulty knowledge about family ethnicity is not so much an indicator of inconsistency. Rather, it shows us how easily intergenerational distortions might occur because of ignorance about each parent's origins, matters we consider later in this article, in the discussion of marriage. But the levels of inconsistency are so high, particularly for the older-stock northwestern European groups, that one can be reasonably certain that there is indeed a certain degree of actual inconsistency in the ethnic origin or origins that some American whites report; blacks are quite consistent in their reporting, by the way. For example, little more than half of the persons classified as English, Scottish, or Welsh in the first year were likewise reported one year later.

A more direct and clearer example of inconsistency occurs when the ethnic origins reported for children are compared with their parents. One would expect complete consistency if biological parents report on their children. Hence, if the father is an *X* and the mother is a *Y*, then all of the children should be reported as *XY*, if ethnic origins are simply a matter of tracing known roots. If both parents are *Z*s, then each child ought to be a *Z*, pure and simple. A marriage between an *AB* and a *CD* should lead to reporting children as *ABCD*, and so forth. To examine the consistency between white parents and children, we restricted our analysis to those children living at home, under 18 years of age, in families where both father and mother were American-born, both were present, and both were in their first marriage. We also excluded families in which the number of children present exceeded the number ever born to the wife; this exclusion was a way of partially eliminating cases in which the child was adopted or otherwise not the

7. See the analysis of ethnic distortions in the Soviet Union by Barbara A. Anderson and Brian D Silver, "Estimating Russification of Ethnic Identity among Non-Russians in the USSR," *Demography*, 20(4):474-75 (Nov. 1983).

8. Charles E Johnson, Jr., *Consistency of Reporting of Ethnic Origin in the Current Population Survey*, Current Population Survey, technical paper no. 31 (Washington, DC: Government Printing Office, 1974); Lieberson, "Unhyphenated Whites in the United States," pp. 173-75.

biological offspring. Also eliminated were those cases in which either parent reported more than one ancestry.[9]

In cases of intermarriage where the spouses each have a different single ethnic origin—say the mother is an *X* and the father is a *Y*—a consistent response would require a multiple-ethnic entry such that the children are reported to be *XY*. The consistency in these cases is remarkably low; only between 50.0 and 65.0 percent of the children were labeled by their parents with the expected ancestries. For example, when a German father was married to a woman who was of single non-German ancestry, in only 65.4 percent of the cases do we find the children labeled with both parents' ancestries. Consistency is barely better when it was the wife who was of German ancestry and the husband was of some other single origin; only 65.9 percent of the offspring were appropriately labeled. Table 3 provides this information for a number of the larger groups, indicating the high levels of inconsistency for all of the groups. Since intermarriage across ethnic lines has been an increasingly common phenomenon within the white population, a large number of offspring were reported in terms that are inconsistent with their parents.[10] To be sure, inconsistent patterns could mean distortions in the origins reported for the parents rather than the offspring. Moreover, this result does not tell us how children describe their ethnic origins after they leave home. Still, the figures leave little doubt that a substantial number of the offspring of mixed marriages are not being correctly described in terms of what we know about their parental origins.

Consistency is far more common in what is probably the most ideal situation for maintaining intergenerational continuity, namely, in families where mother and father both report the same single ethnic ancestry. Under these circumstances, in the larger white groups, we find up to 95 percent consistency in the ethnicity reported for children. In most cases, it is in the low 90s and in some cases, a bit lower than that. Still, in homes where there was a reported first marriage between two parents of the same single ethnicity, at least 5 percent—and usually more—of the children were not reported as having the same single enthnicity. For example, among the children living in homes where both parents reported themselves to be of single unmixed German ethnic origin, only 94 percent of the children were also reported with the same single German ancestry. Of the remaining children, 3 percent were reported as having unknown ancestry; 1 percent as American; and 2 percent as having some other ethnicity such as a single non-German group or multiple origins that may or may not include German. The reader may be tempted to interpret this result as reflecting the existence of situations where indeed at least one of the reported parents was not the biological parent of the child. Although the distortions affected by divorce and remarriage were eliminated and some cases of adoption were excluded, we were still not able to

9. Census procedures make it hard to examine the offspring when one or both parents report multiple origins. With certain exceptions described earlier, the census truncated the ethnic histories of persons reporting multiple ancestries, listing only the first two ancestries. As a consequence, we do not know if parents with two ancestries had listed additional ancestries for themselves and/or their children.

10. Richard D. Alba, "Interethnic and Interracial Marriage in the 1980 Census" (Unpublished paper, State University of New York, n.d.); Stanley Lieberson and Mary C. Waters, "Ethnic Mixtures in the United States," *Sociology and Social Research*, 70(1):43-52 (Oct. 1985).

TABLE 3
PERCENTAGE OF CORRECTLY LABELED CHILDREN IN FAMILIES WHERE EACH PARENT IS OF A DIFFERENT SINGLE ANCESTRY, 1980

Group	Ancestry of Father	Ancestry of Mother
English	57.7	55.7
German	65.4	65.9
Irish	65.3	66.3
French	62.3	60.5
Italian	71.5	72.9
Scottish	63.9	57.7
Polish	68.1	72.3
Dutch	60.3	62.1
Swedish	61 9	64.7
Norwegian	63.9	64.1
Russian	57.5	54.3
Czech	66.7	64.4
Hungarian	62.3	61.9
Welsh	59.2	58.8
Danish	62.8	57.7
Portuguese	60.9	62.9
Black	50 0	25.6
Mexican	41.3	46.6
Puerto Rican	37.9	43.4
Spanish*	40.8	38.1
American Indian	45.5	49 1

SOURCE Calculated from Census of Population and Housing, 1980 Public Use Micro-Data Sample (C Sample), 1983, *Bureau of the Census, U S , Department of Commerce, Washington, DC*
*Other than the Hispanic groups specified.

exclude children born out of wedlock to a mother who later marries a different man, nor could we exclude all adopted children.

EDUCATION AND MARITAL STATUS

There is good reason to believe that both education and marital status affect ethnic distortions; however, no certain proof will exist until census and survey results are supplemented with intensive interviewing. Rather than continuously couch our analysis in endless cautions about alternative interpretations, let us state at the outset that such alternatives are always possible. Nevertheless, the conclusions that will be presented are consistent with the observed data and make sense of the general pattern found.

Education

The educational level of most American-born women affects the complexity of the ethnic origin that they report. Among all women 25-34 years of age, for example, the ratio of single ancestry to multiple ancestry is 1.71 for those with less than a high school education, but 0.96 for women who were high school graduates and 0.71 for those who had at least some college education. This pattern is repeated in all of the age groups and is also found within most of the specific white groups. For instance, the propensity for women aged 45 to 54 to report only German as their ancestry, as opposed to German and at least one other origin, varies from a ratio of 0.79 for those least educated to 0.71 for high

school graduates and 0.48 for the most educated. The patterns vary by group and age since the true level of the mixing of ancestry groups likewise is different, and there are exceptions, but the overall pattern indicates a linkage with education of a magnitude that is unlikely to be explained by any true association between the complexity of ethnic origins and educational attainment. Simply stated, it would seem that those with less education are more likely to simplify their ethnic origins.

Education not only affects the complexity of the ethnic response, but it also appears to affect the ability of whites to give any specific European origins at all. As reported by Lieberson, a sizable segment of the white population has lost track of its origins entirely, being unable to indicate an ethnic ancestry or at best saying American.[11] This phenomenon is by no means simply a function of education. Such respondents are particularly concentrated among those with at least four generations of residence in the United States and, in turn, particularly among those living in the rural South.

Still, there is an educational factor. Restricting the analysis to whites living in the rural South, with at least four generations' residence in the nation, we applied data gathered by the National Opinion Research Center through 1980 to determine the more subtle linkages between education and the absence of any claim to a specific European heritage. Even in the rural South—what the National Opinion Research Center calls "open country"—education has a distinct effect on the response. Whereas a rather large segment—29 percent—of those with at least a high school education could not name any ethnic ancestry or selected American, an even larger percentage—46 percent—of those with less education gave a similar response.[12]

Certain features of the marital pattern also suggest that important distortions of the ancestry response are related to educational attainment. Not only do persons of single ancestry have a stronger propensity to have unmixed spouses of their own ancestry, which is to be expected, but this propensity varies by education. It is possible that this is due to differential exposure of these groups to potential mates; unmixed persons are probably concentrated in areas where other unmixed compatriots live. Moreover, the propensity for people of single ancestry to marry others of single ancestry and for people of mixed ancestry to marry each other might decline by education if the more educated persons of single ancestry are exposed through educational and work institutions to a more varied set of potential spouses.

Nevertheless, the sheer magnitude of the results make us suspicious that some distortions in ethnic reporting are also operating. Among unmixed 35-to-44-year-old American-born nonblack women in their first marriage, 93 percent of those with no more than eight years of schooling were married to men who were also of unmixed ancestry, largely with the same specific unmixed origin. By contrast, only 39 percent of the members of this same educational cohort who were reported to be of mixed origins were married to men with a single ancestry, either of the same or

11. Lieberson, "Unhyphenated Whites in the United States," pp. 171-73, 175-76.

12 Although education clearly affects the response, the overall level is due to more than merely the lack of education. It is still the case, even among rural fourth-generation Southern whites who do not give one or more specific European ancestries, that some 38 percent have at least a high school diploma.

different origins. For women of single ancestry who have more than a college education, however, 76 percent were married to persons of a single ancestry. Among women who were reported to be of mixed origins, on the other hand, there was virtually no difference between the least and most educated in terms of the mixed or unmixed heritages of their husbands. We believe that among women with less education—and husbands, too, if the data were studied—there is an especially strong tendency to distort and simplify in order to match the spouse in terms of common ethnic ancestry.

Why does education matter in the examples that have been cited? An adequate empirically supported explanation is not available at this time. On the one hand, it may be that the more highly educated residents are simply more likely to know what their ancestry is—or think that they do—because it is a part of the family history that is passed down through the generations. Or it may be that the higher socioeconomic segments find it improper or even embarrassing to have no answer to a question about family background. Not to be ruled out is the possibility of a differential interest in the subject—in no small way a function of stimulation from the educational experience itself—to say nothing of a differential in recall. Of course, more than one of these factors could be operating. In any event, educational attainment seems to affect both the ability to respond with any origin as well as distortions in the ones that are reported.

Marriage

We have shown how education appears to affect the ethnic origins reported by married women. In addition, there is reason to believe that marriage per se has an impact. There are two different ways in which it operates. The first reflects less of a true change or distortion in ethnic origins and more simply represents the enumeration procedure itself. The second factor would have a considerable bearing on the distortion of ethnicity.

Let us deal with the enumeration procedure first. Consider that not necessarily everyone in the household filled out the census forms. Rather, in many homes it is almost certain that one person was primarily responsible. Hence, it is not unlikely that there was simplification when a respondent filled out the ancestry question for his or her spouse. Women with a given origin who were currently married—and with a husband present—were compared to those who were either not currently married or whose husband was not present. For the larger white ethnic groups, in each age and educational category, a single ancestry was relatively more often reported for women living with their spouses. Moreover, the differences are by no means trivial. For example, the ratio of unmixed to mixed among English-origin women 25 to 34 who were high school graduates was 0.926, whereas it was 0.619 for English-origin women who were unmarried. For German-origin women in the same age and educational category, the unmixed-to-mixed ratio was likewise 40 percent higher among the married: 0.622 versus 0.433. As we have noted, there are a few exceptions, but generally married women are more likely to be reported as unmixed than are unmarried women.

On this score, evidence gathered by Tom W. Smith of the National Opinion

Research Center is of great relevance. In the 1985 General Social Survey, a question was added on ethnicity of spouse. Overall, reports of the spouses' ethnicity are less detailed and sparser than are the subjects' self-reported ethnicity. For example, nearly 50 percent of subjects reported that they were of two or more different origins, whereas a comparable complexity was reported for only a third of the spouses.[13]

This distortion of the spouses' ethnicity could have been corrected with a different—and more expensive—enumeration procedure that ensured that each adult in the household reported his or her own ethnic ancestry. It probably does indicate true shifts of a modest magnitude insofar as it suggests that parents have less than full knowledge about the ancestry of their spouses and hence will give incomplete information to their offspring about the latter's heritage—a situation that can only be relieved through discussions between offspring and both of their parents. The second possible reason for the effect of marriage on ethnic origin is even more certain to warp the ethnicity results. Namely, spouses might tend to emphasize common heritages either by dropping off other heritages when they have a common ancestral tie or by introduction of a spurious ancestry. This would help explain the high levels discussed earlier of apparent intragroup marriage among those reporting unmixed ancestry.

Obviously it is impossible to separate the impact of marriage on ethnic distortions—particularly when these work toward generating similarities—from the opposite process, whereby persons marry others with common origins. All that we can say here, given the information available, is that some of the rates of in-marriage partially or entirely lead us to suspect such distortions. First of all, keep in mind that the educational influence that has been noted appears to operate quite strongly within the family. That is, married women were especially likely to distort their origins, and we do not know that all of the distortion was simply due to the interviewer effect, whereby one spouse sometimes reported the other spouse's origins.

Of special note are two facts. There is an enormous concentration of in-group marriages among persons of unmixed single ancestry. For example, earlier we saw that 72 percent of the unmixed women in the lowest education category were reported as married to men of the same unmixed ancestry. Moreover, for some of the ethnic groups, the data seem to show that in-group marriage was relatively high and had not declined in recent age cohorts. In both the English and the German ethnic groups, the percentage of in-group marriages had not declined with progressively younger age cohorts. This is a pattern that is radically different from that experienced for most groups.[14] We do not yet know what accounts for this, but possibly there is a tendency to distort origins in the direction of these two groups when any common English or German bond exists in the couple or if there is even a vague notion of such a bond. At any rate, it seems unlikely that the cross-sectional age-specific intermarriage rates would remain so flat for these groups at a time when other white segments were experiencing declining homogamy.

13 Information based on personal communication from Tom W. Smith, for which we are most grateful.

14. Lieberson and Waters, "Ethnic Mixtures in the United States," tab. 2.

A second feature worth mentioning is the level of in-marriage reported between people with common multiple origins. For example, among women 35 to 44 years of age in 1980 and in their first marriage, 4 percent of those who were of just German origin reported husbands who were of mixed German-Irish ancestry. Likewise, 4 percent of unmixed Irish women reported husbands of mixed German-Irish origins. However, among mixed German-Irish women, 15 percent had husbands who were also of the same mix. Of mixed English-German women, 14 percent are married to husbands with the same ethnic mixture, whereas only 3 percent of either unmixed German or unmixed English women have such husbands. Obviously, selective mating operates; our suspicion is that the concentration of such marriages is beyond what might be reasonably expected on that basis. Rather, these data, as well as the unchanging levels of in-group marriage reported previously for the English and Germans, suggest a certain propensity for couples to distort their origins in the direction of homogeneity.[15] If this is the case, then it is another question of whether certain origins are more resistant to change and which groups are the net gainers in these shifts.

IN CONCLUSION

In our estimation, there are three central types of ethnic flux occurring within the white population. The first is both well known and of less concern for the future. This is the development of new foreign ethnic categories that evolve after immigration to the United States. For example, people who viewed themselves as members of a town or province prior to immigration gradually gain a broader identification—say, as Italians or Poles—that is both imposed on them by the dominant society and chosen by them as their contacts increase and as earlier cleavages become secondary. This process is largely over for white European groups, although it will continue for newer groups migrating to the United States.

The second and third shifts are, we believe, events that will be of growing relevance in the years ahead. As the distance from the immigrant generation widens for the vast majority of the white population, we expect increasing distortion in the true origins of the population. This assumes that intermarriage continues at a high level, that ethnic enclaves will diminish, and that there will be a relatively modest degree of discrimination and prejudice against various white ethnic groups. In other words, central to the projection is the assumption that ethnic origin among whites will decline as a sociopolitical issue. Under these conditions, we believe that ethnic responses will be of declining reliability in terms of a means of tracing true ancestral roots. This, however, need not preclude reported ethnic origins from being significantly related to all sorts of other social phenomena—it is just that the causal linkages may be increasingly due to people with different social characteristics varying in the probability of reporting certain origins. To be sure, at this point there is still reason to take the ethnic data at face value more often than not. Hence one can still examine the social characteristics of different ethnic groups and have confidence that the associations do indeed largely reflect the

15. For example, see Micaela Di Leonardo, *Varieties of Ethnic Experience* (Ithaca, NY: Cornell University Press, 1984), chap. 3.

influence of the latter on the former.

The third shift is one that we have not developed in as great detail here.[16] Namely, all of this flux and uncertainty in ethnic origin should lead to an expansion in the segment of the population whose members are simply unable to provide any picture of their ethnic origins, but simply know that they are unhyphenated whites.

16. See Lieberson, "Unhyphenated Whites in the United States," pp. 159-80.

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Mexican Immigrants: The Economic Dimension

By BARRY R. CHISWICK

ABSTRACT: The high rate of population growth in Mexico and the very wide gap in income and consumption per capita have encouraged an increasing migration of Mexican nationals to the United States. Recently legal immigration from Mexico has averaged about 58,000 persons per year. Illegal migration may also be substantial, but it is more difficult to quantify. About 1 million Mexican illegal aliens have been apprehended annually in recent years, with over 90 percent being apprehended at the border during or shortly after a surreptitious entry. Mexican immigrants, whether legal or illegal, tend to have very low skill levels as measured by years of schooling, English-language proficiency, or occupational skills. As a consequence their earnings in the United States are low relative to other immigrants and U.S.-born Mexican Americans; however, their earnings are high relative to their opportunities in Mexico. The earnings disadvantages of Mexican immigrants diminish with additional years in the U.S. labor market.

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MUCH of the public discussion about immigrants in the United States focuses on Mexican immigrants. This arises, in part, because of the large and apparently growing number of illegal, or undocumented, immigrants from Mexico. But it is also due to the growth of legal immigration from Mexico.

This article reviews the experience of Mexican immigrants in the United States, focusing on the economic dimensions. It first considers the difference in economic opportunities available in Mexico and the United States as providing an incentive for migration northward, and it considers the implications of this incentive for legal and illegal immigration. It then examines some of the demographic and skill characteristics of Mexican immigrants in the United States and the immigrants' ability to convert these characteristics into earnings.

MEXICO AS A SOURCE OF IMMIGRANTS

The U.S.-Mexican border is unique. It is not its length or lack of military fortifications that make it unique, as the U.S.-Canadian border is longer and also not fortified. Rather, it is the difference in population growth rates and level of economic development. There is no other border separating two countries that differ so sharply in their rates of population increase and in their levels of economic well-being. As a consequence, the 1980 census reported there were 2.2 million residents of the United States who were born in Mexico, comprising 16 percent of the foreign-born U.S. population, 1 percent of the total U.S. population, and 3 percent of the Mexican population.[1] These proportions would be even higher if the data included the substantial number of Mexican illegal aliens in the United States who were not enumerated in the census.

Incentives for migration

According to the most recent population estimates, there were about 78 million people living in Mexico in 1984, representing an average annual rate of increase of about 2.8 percent over the 53 million residents in 1970. The growth rate of Mexico's population has been declining, and the most recent estimates, for the years 1980-84, are an annual rate of increase of 2.6 percent. This can be contrasted with the recent U.S. rate of increase—including net immigration—of 1.0 percent per year. At its current growth rate Mexico's population would double every 27 years, that is, every generation.

The difference in the levels of economic well-being between the United States and Mexico are dramatic. The per capita gross national product (GNP), a summary measure of average income, was $3100 in Mexico in 1982, but nearly $12,500 in the United States. Another index of the level of economic development, which gives greater weight to the effects of nutrition and health care, is the infant mortality rate, that is, the number of deaths of children under one year of age per 1000 live births. The

1. The comparative statistics on the United States and Mexico and on legal and illegal immigration from Mexico in this section are from U.S., Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1985,* 105th ed. (Washington, DC: Government Printing Office, 1984); U.S., Department of Justice, *1982 Statistical Yearbook of the Immigration and Naturalization Service* (Washington, DC: Government Printing Office, 1985); and unpublished tables from the Immigration and Naturalization Service.

index is 61 in Mexico and 11 in the United States. Automobile ownership per 100 population, an index of the ownership of consumer durables, is 7 in Mexico, but 56 in the United States. There are 8 telephones and 11 television sets per 100 population in Mexico compared to 79 telephones and 63 television sets per 100 population in the United States. While the differences in real income and consumption are smaller between workers with the same level of skill, they are still substantial.

The prospects for the future human resource development of the Mexican labor force are not bright. Large cohorts of youths will continue to enter the Mexican school system and labor market. Public expenditure on education as a percent of GNP is about 4 percent in Mexico, in contrast to the 7 percent of a much greater GNP in the United States. It is problematic whether the low-skilled additions to the Mexican labor force can be successfully absorbed through investments by the private and public sectors in productive techniques that are labor intensive. The recent fall in the relative price of oil will make it even more difficult for Mexico to overcome its numerous economic problems. The likely consequence will be a continuation, if not a widening, in the real wage gap between the United States and Mexico. This wage gap provides the economic incentive for migration to the United States.

The extent of legal immigration

A Mexican-origin population in the United States is not new, particularly in the southwestern states from Texas to California. Although it was small, there was an indigenous Mexican population in these areas at the time of the Mexican Cession. Immigration from Mexico to these areas increased during and after the 1910 Mexican Revolution and when job opportunities in the United States were plentiful. There may have been negative net immigration—emigration exceeding immigration—during the Great Depression.

Mexican immigration has been on a nearly continuous increase in the post-World War II period. Legal immigration from Mexico averaged about 32,000 per year during the 1950s, about 44,000 per year during the 1960s, about 64,000 per year during the 1970s and about 68,500 per year since 1981. Over 101,000 immigrants arrived in 1981 and an average of 58,000 per year came between 1982 and 1984. While there has always been considerable emigration or return migration of Mexican immigrants, net legal immigration has undoubtedly increased substantially in recent decades.

It should be noted that numerical limits were not established for immigrants from Mexico—or any independent country in the Western Hemisphere—until the 1965 amendments to the Immigration and Nationality Act. The 120,000 visas reserved for the Western Hemisphere per year were to be rationed on a first-come, first-serve basis under the 1965 amendments. The preference system that had been applicable to the Eastern Hemisphere was applied to the Western Hemisphere under the 1977 amendments, which also extended to the Western Hemisphere the country ceiling of 20,000 visas per year. However, the country ceilings—and the current worldwide ceiling of 270,000 visas per year—apply only to immigrants subject to a numerical limit under the preference system. As a result, the immediate relatives of adult U.S. citizens—that is, their spouses, minor children, and par-

ents—may enter the United States without regard to this limit.

In fiscal year 1984, nearly 58,000 people born in Mexico became legal immigrants in the United States, of whom about 38,000 were exempt from numerical restriction and about 20,000 were subject to the country ceiling. Mexican immigrants were 10.6 percent of the 544,000 legal immigrants in 1984; they constituted 7.6 percent of those subject to numerical limitation and 13.5 percent of the immediate relatives exempt from the limitation. The backlog of people who otherwise qualify for a visa but whose migration is delayed by the country and worldwide ceilings is greater for Mexican nationals than for nationals from any other country.

The extent of illegal immigration

The large and increasing number of people in Mexico who wish to immigrate but who cannot do so because they cannot obtain a visa, or because they must wait in the long queue, encourages illegal immigration. For obvious reasons, the annual flow and the number in the U.S. population of illegal aliens, or even just Mexican illegal aliens, cannot be estimated directly.

One index of the flow of Mexican illegal aliens is the number of apprehensions per year. Apprehensions of Mexican illegal aliens who entered the United States without inspection increased from 76,000 per year in the 1960s—47 percent of all apprehensions—to 746,000 per year in the 1970s—90 percent—to nearly 900,000 per year for 1982-83—91 percent. In 1983, the nearly 1.1 million apprehensions of Mexican illegal aliens by the border patrol were 97 percent of the deportable aliens the border patrol located, while the 96,000 apprehensions of Mexican nationals by the investigations units were 68 percent of interior enforcement apprehensions of illegal aliens.

While these data show a clear rising trend, they can be misleading because of the revolving door along the Mexican border. Mexican illegal aliens apprehended at or near the border are merely returned to the Mexican side of the border without fines, detention, or other penalties. There is little or nothing to stop them from attempting another reentry the next night. There are, unfortunately, no reliable data on the extent of multiple apprehensions of the same individual, but reports suggest they are a common occurrence.

Indirect techniques have been applied to estimate the size of the resident illegal alien population. Typically these techniques compute the number of illegal aliens as the difference between the measured total population and the number estimated as if there had been no illegal immigration. As would be expected, the difference between two large numbers, each of which is estimated with error, is itself estimated with a relatively large degree of error. Hence, even among the estimation procedures based on reasonable assumptions, there is considerable variation in the estimated number of illegal aliens in the United States. Analyses of various estimation procedures suggest that 3.5 to 6 million illegal aliens were living in the United States in 1980, about half of whom were Mexican nationals, and that about 2 million were enumerated in the 1980 census, again about half of whom were Mexican nationals.[2]

2. Jacob S. Siegel, Jeffrey S. Passel, and J Gregory Robinson, "Preliminary Review of Existing Studies of the Number of Illegal Residents

THE LABOR MARKET EXPERIENCE

Mexican immigrants tend to bring relatively few skills to the U.S. labor market. Perhaps because of the weaker transferability and lower quality of the skills—schooling and labor market experience—acquired in Mexico, they receive a smaller return on these skills than do others. As a result, Mexican immigrants tend to have low earnings compared to other immigrants and compared to U.S.-born Mexican Americans.[3]

Skills

According to the 1980 census, Mexican immigrants were younger, had fewer years of exposure to the U.S. labor market and economy, and had fewer years of formal schooling than other immigrants (Table 1). They averaged 37.3 years of age, in contrast to 40.4 years and 42.5 years, respectively, for other Hispanic immigrants and for whites, including Hispanics, born outside the United States. The schooling differences were more dramatic. The foreign-born from Mexico had only 7.5 years of schooling in contrast to the 11.1 years for other Hispanic immigrants and 11.6 years for all white immigrants.

Their lower level of schooling and fewer years in the United States explain *only part of the English-language* deficiency of Mexican immigrants. Among foreign-born adult men who had been living in the United States between 10 and 20 years by 1980, English fluency was poor—that is, not good or nonexistent—for 47 percent of the Mexican immigrants, in contrast to 32 percent of the Cuban immigrants, 25 percent of the other Hispanic immigrants, excluding Puerto Ricans, and 15 percent of the non-Hispanic white immigrants who speak a foreign language at home. There is a greater tendency among Mexican immigrants to retain their mother tongue and to pass it on to the next generation.[4] While Spanish-language retention per se may not detract from labor market success, to the extent it slows the immigrant's acquiring fluency in English, it may have a detrimental effect on U.S. labor market performance.

Earnings

The earnings in 1979 from wage, salary, and self-employment activities of adult male Mexican immigrants averaged just over $11,000 (Table 1). This is 21 percent less than the average of nearly $14,000 for other Hispanic immigrants and about 40 percent less than the $18,300 for all white immigrants. The large earnings gap between Mexican

in the United States," in Select Commission on Immigration and Refugee Policy, *U.S. Immigration Policy and the National Interest*, app. E, *Papers on Illegal Immigrants to the United States* (Washington, DC. Government Printing Office, 1980), Jeffrey S. Passel and Karen A. Woodrow, "Geographic Distribution of Undocumented Immigrants. Estimates of Undocumented Aliens Counted in the 1980 Census by State," *International Migration Review*, 18(3).642-71 (Fall 1984).

3. The discussion of the 1980 census data in this section is based on computations made from the U.S. Census Bureau's Public Use Sample, B and C Samples, and are for either a one-in-fifty or a one-in-a-hundred sample of the population.

4. It is striking that among second-generation Americans aged 14 and older in 1970, 95 percent of those with a Mexican-born parent, but only 70 percent of those with a parent from a non-Hispanic non-English-speaking country, reported that a language other than English was spoken in the home when they were children. U.S., Department of Commerce, Bureau of the Census, *National Origin and Language*, Subject Report, *1970 Census of Population* (Washington, DC Government Printing Office, 1973), tab. 12.

TABLE 1
COMPARISON OF EARNINGS AND EARNINGS-RELATED CHARACTERISTICS OF ADULT MALE MEXICAN IMMIGRANTS WITH OTHER GROUPS, 1980 (Means)

Group	Age (years)	Duration in the United States (years)	Schooling (years)	Earnings
Foreign-Born				
Mexican	37.3	13.0	7.5	$11,075
Other Hispanic	40.4	12.9	11.1	$13,968
White, including Hispanics	42.5	17.5	11.6	$18,312
Native-Born				
Mexican origin	38.4	—	10.9	$14,146
Other Hispanic	38 4	—	12.6	$15,946
White, including Hispanics	41.2	—	13.1	$19,507

SOURCE U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population*, Public Use Sample, B and C Samples, Two-in-a-hundred sample of the population (Washington, DC: Bureau of the Census, 1983).
NOTE: Men aged 25 to 64 in 1980 who worked and had earnings in the previous year.

immigrants and other immigrants is only partly due to their fewer years of labor market experience, particularly in the United States, their lower level of formal schooling, and their lesser fluency in English. For example, when Mexican immigrants are compared with non-Hispanic white immigrants from non-English-speaking countries who are the same age, have been in the United States the same number of years, and have the same number of years of schooling, the Mexican immigrants still have earnings lower by about 18 percent. Among those who also have the same level of English fluency, the Mexican immigrants have earnings lower by about 13 percent.

It is sometimes thought that the lower earnings of Mexican immigrants, even when other readily measured variables are the same, is attributable to their proximity to the country of origin. This proximity facilitates to-and-from migration and a tendency to view the United States as a temporary residence. This view, it is argued, retards acquiring the country-specific skills, credentials, and union membership that are rewarded in the U.S. labor market but not in the Mexican labor market. To-and-from migration across the Mexican border does not appear to be a general phenomenon, but rather may be a characteristic of a small proportion of the Mexican immigrant population, particularly those with low levels of schooling. For example, among adult men in 1980 who immigrated prior to 1975, only 4.4 percent of those born in Mexico reported living outside the United States in 1975 and only 4.6 percent of those with 8 or fewer years of schooling reported this, in contrast to the 2.4 percent for non-Hispanic white immigrants.

Mexican immigrants can also be compared to their native-born counterparts, that is, with those born in the United States who reported they were of Mexican origin or ancestry (Table 1). The difference in the average age of native and foreign-born men of Mexican origin is small, but those born in Mexico had nearly 3.5 fewer years of schooling. Adult male Mexican immigrants earned about 22 percent less than U.S.-born Mexican Americans. When the compari-

son is made with those born in the United States of the same age, schooling, and area of residence, earnings are 11 percent lower for Mexican immigrants who have been in the United States 10 years and only 1 percent lower for the immigrants in the United States 20 years.

The rise in relative earnings with duration of U.S. residence for Mexican immigrants represents a labor market characteristic found among all immigrants. Earnings, employment, and occupational status rise for the foreign-born, relative to the native-born with U.S. labor market experience, as the immigrants acquire the labor market information, English-language fluency, and job-related skills that enhance their productivity. This may involve acquiring new skills or, more commonly, modifying previously existing skills.

Changes over time

There is some evidence of a deterioration over time in the so-called quality of Mexican immigrants included in the census data, perhaps reflecting an increase in illegal immigration or the greater enumeration in the census of illegal aliens. The average level of schooling of adult foreign-born men by period of immigration can serve as an index of their skills. Among adult male Mexican immigrants who arrived during the 1950s, the average schooling level, as reported in the 1980 census, was 8.6 years, but for cohorts arriving more recently—in the periods 1960-64, 1965-69, 1970-74, and 1975-80—the levels were, respectively, 7.8 years, 7.3 years, 7.0 years, and 6.8 years. For all adult male immigrants the average number of years of schooling for the same time periods fluctuated between 11.7 and 12.2 years, with no discernible trend. Relative to all immigrants, the schooling level of adult male Mexican immigrants declined from a ratio of 0.70 for the 1950s' cohort to a ratio of 0.55 for the 1975-80 cohort of immigrants.

In addition, when other determinants of earnings are the same, the earnings of Mexican immigrants relative to native-born men of Mexican origin was lower, by about 5 percentage points, in the 1980 census than in the 1970 census data. It is true, however, that this appears to reflect an improvement—or, more accurately, a decline in the size of the earnings disadvantage—over the decade for native-born Mexican Americans relative to non-Hispanic white men. Whatever was responsible for the improvement for native-born Mexican Americans apparently did not carry over to their Mexican-born counterparts.[5]

EMPLOYMENT OF ILLEGAL ALIENS

Little is known about the nature and characteristics of the employment of Mexican illegal aliens residing in the United States. It is difficult to do systematic analyses for a population that has an incentive to avoid revealing its identity. Apprehended illegal aliens who have lived and worked in the United States for at least a few days have been an important source of survey data. The major limitation of studying these aliens, however, is that the probability that an illegal alien is apprehended may not be independent of the alien's characteristics. With one exception, it is not obvious which characteristics would be most relevant for Mexican illegal aliens, nor are the direction and magnitude of

5. The earnings disadvantage of Mexican immigrants compared with non-Hispanic white immigrants, other things being the same, did not change during the 1970s.

the bias evident. It is reasonable to assume that the probability of being apprehended in a year diminishes with the illegal alien's duration of residence in the United States. Those most vulnerable to being apprehended will be identified sooner rather than later. Perhaps more important, however, the skills acquired with a longer exposure to the United States include learning how to mask one's illegal status and avoid detection.[6]

Skills

Apprehended Mexican illegal aliens tend to be young adult males, recently arrived in the United States, with low levels of schooling and occupational attainment (Table 2). Two independent surveys, one pertaining to illegal aliens apprehended in 1975 and the other pertaining to illegal aliens apprehended in the Chicago metropolitan area in 1983, suggest that the average age of apprehended Mexican illegal aliens who are working in the United States is in the upper twenties, and that they have been in the United States for about 3 years. Nearly all had entered the United States without inspection. The average age at immigration, about 25 years, is very similar to the average age at immigration of adult legal immigrants. Apprehended illegal aliens from other countries are slightly older on average, in their low thirties, and have also been in the United States about 3 years. About half of the non-Mexican illegal aliens apprehended are entries without inspection, while the other half are primarily visa abusers.

The Mexican illegal aliens in the 1975 sample had only 5.2 years of schooling, in contrast to the 9.9 years for the non-Mexican illegal aliens. These schooling levels are about 1.5 years lower than the educational attainment reported in the 1980 census for adult foreign-born men who entered the United States between 1970 and 1975: 7.0 years for those from Mexico and 11.5 years for all the foreign-born.

The occupational attainment of the apprehended Mexican illegal aliens most closely resembles that of immigrants from Mexico in the census who have been in the United States less than 5 years. In the 1975 data, 84 percent of the Mexican illegal aliens were in low-skilled jobs—they were farm and nonfarm laborers, service workers, and operatives—14 percent were craft workers, and only 1 percent were white-collar workers. Among adult male Mexican immigrants in the 1970 census who had been in the U.S. less than 5 years, 79 percent were in low-skilled jobs, 14 percent were craft workers, and 7 percent were in white-collar jobs. By contrast, among all adult male recent immigrants, 45 percent were in low-skilled jobs, 18 percent were in craft jobs, and 38 percent were in white-collar jobs.

6. The data in this section are largely drawn from analyses of about 400 illegal aliens apprehended in 1975—the North-Houstoun sample—and about 300 illegal aliens apprehended in the Chicago metropolitan area in 1983—the Chiswick sample. Each sample included about 200 Mexican nationals. For more detail, see Barry R. Chiswick, "The Employment and Employers of Illegal Aliens: Survey and Analysis," mimeographed (Chicago: University of Illinois at Chicago, 1985); idem, "Illegal Aliens in the United States Labor Market: Analysis of Occupational Attainment and Earnings," *International Migration Review*, 18(3):714-32 (Fall 1984); David S. North and Marion F. Houstoun, *The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study* (Washington, DC: Linton, 1976).

TABLE 2
SELECTED CHARACTERISTICS OF APPREHENDED MALE ILLEGAL ALIENS
1975 AND 1983 (Means or percentages)

	1975*		1983†	
Characteristic	Mexican	Non-Mexican	Mexican	Non-Mexican
Earnings (hourly wage)	$2.63	$3.57	$4.42	$4.73
Age (years)	27.4	31.2	29.1	33.5
Duration in the United States (years)‡	3.2	3 1	3.4	3.4
Schooling (years)	5.2	9.9	–	–
Entry without inspection (percentage)	–	–	96.2	47.9
Sample size	212	194	185	107

SOURCES: David S. North and Marion F Houstoun, Sample of Apprehended Illegal Aliens, 1976, Microdata file, New Transcentury Foundation, Washington, DC; Barry R Chiswick, Survey of Illegal Aliens and Their Employers, 1985, Microdata file, University of Illinois, Chicago.
*Illegal aliens who had been in the United States for at least two weeks and worked during this period of time.
†Illegal aliens who worked in the Chicago metropolitan area. All had been in the United States at least 4 days.
‡Refers to all stays in the 1975 data and the current stay in the 1983 data.

Earnings

Illegal aliens have relatively low earnings. The $4.42 average hourly earnings for Chicago-area Mexican illegal aliens in 1983 implies a full-time full-year equivalent income of under $9000. While this may seem low by U.S. standards, it is a princely sum by Mexican standards for low-skilled workers.

The often held view that illegal aliens are paid wages below the federal legal minimum wage is generally without foundation. The Mexican illegal alien's average wage exceeded the $3.35 federal minimum by 32 percent. For only 15 percent of the Mexican illegal aliens in these data was the reported wage below the federal minimum wage. Nearly half of these aliens, however, worked in restaurant jobs where, because of the tip-credit allowance, a lower federal minimum wage may have been applicable.

Even among illegal aliens, skills are key determinants of earnings. Those with more schooling and more labor market experience prior to migrating have higher earnings. Most important, however, is their duration of residence in the United States. For example, the average hourly earnings in 1983 of Mexican illegal aliens in Chicago was $3.76 at one year of residence, $4.29 at 3 years, and $4.95 at 5 years. With time in the United States, Mexican illegal aliens acquire information about the labor market, modify existing skills or obtain new ones, and improve their ability to understand, speak, and read in English. These developments make it easier for them to obtain higher-wage jobs, in part, by moving out of the low-wage sectors—for example, from farm, landscaping, and restaurant jobs into manufacturing jobs—and into business establishments that are larger, more highly unionized, and with higher wage structures. For these same reasons, the receipt of fringe benefits, including health insurance, is also likely to increase with duration of employment in the United States.

CONCLUSION

The large population growth rate in Mexico combined with the wide gap in economic opportunities between the United States and Mexico will encourage a continued growth in the supply of immigrants. The extent to which this situation translates into legal and illegal immigration from Mexico will depend on the provisions for legal immigration and the extent of enforcement of immigration law. The enforcement activities can provide greater deterrence to illegal migration through raising the probability of being apprehended. In the absence of the imposition of meaningful penalties against apprehended illegal aliens, however, apprehensions may merely perpetuate a revolving door without having a real deterrent effect.

Mexican immigrants in the United States, whether legal or illegal, tend to have low levels of schooling, occupational status, and earnings, whether compared to other immigrants or U.S.-born Mexican Americans. There appears to have been a decline over the past few decades in the skills of Mexican immigrants, as measured by their educational attainment. As with other immigrants, the earnings of legal and illegal Mexican immigrants are greater for those with more labor market experience, particularly in the U.S. labor market, higher levels of schooling, and greater fluency in English. Their labor market disadvantages decline with a longer period of employment in the United States.

In spite of the low earnings of Mexican immigrants in the United States, the incentives for large-scale migration will continue as long as economic opportunities in this country far exceed those available in Mexico.

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The Social Organization of Mexican Migration to the United States

By DOUGLAS S. MASSEY

ABSTRACT: Migration between Mexico and the United States is supported by social networks that link sending communities with specific work sites in the United States. This article uses a combination of ethnographic and survey methods to study how these networks develop and how they facilitate the migrant enterprise. Migrant networks are based on the bonds of kinship, friendship, and *paisanaje*, which are reinforced through frequent contact in voluntary organizations. Over time, as networks develop and mature, migration becomes self-sustaining. The maturation of migrant networks in western Mexico after 1965 helps to explain the sharp rise in Mexican migration to the United States during the 1970s.

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DURING the 1970s, Mexican immigration to the United States became a mass phenomenon involving millions of people on both sides of the border. Annual legal immigration rose from just over 44,000 in 1970 to more than 100,000 in 1981, while the number of undocumented Mexicans annually apprehended increased from about 277,000 to nearly 900,000. It has been estimated that some 931,000 undocumented Mexicans were counted in the 1980 U.S. census, 81 percent of whom entered during the prior decade. Overall, the population of the United States that is of Mexican origin increased by 93 percent during the 1970s, and about one-third of this increase was attributable to immigration.

Whatever figures one considers, it is obvious that there was a sharp upswing in Mexican immigration during the 1970s, one not adequately explained by economic conditions alone. In the United States, the 1970s brought rising unemployment and falling real wages for American workers, while in Mexico an oil-driven economic boom increased wages and lowered unemployment. If anything, economic conditions predicted a dampening of migration during the late 1970s. The large upsurge in migration between Mexico and the United States reflects the inevitable culmination of a long social process, one intrinsic to the migration enterprise itself.

Massive Mexican migration today reflects the prior development of social networks that support and sustain it. These networks consist of kin and friendship relations that link Mexican sending communities to particular destinations in the United States. People from the same family or town are enmeshed in a web of reciprocal obligations. New migrants draw upon these obligations in order to enter and find work in the United States. As these networks develop and mature, they dramatically reduce the costs of migration, inducing others to enter the migrant work force. The entry of additional migrants, in turn, leads to more extensive networks, which encourages still more migration. Over time, therefore, international migration tends to become a self-perpetuating social phenomenon.

Mature migrant networks provide a social infrastructure capable of supporting mass migration. They have put a U.S. job within reach of nearly all people in western Mexico, the traditional source region for migration to the United States. Temporary migration to the United States is now an integral part of economic strategies in households throughout the region and has become a common event in the family life cycle.

This article examines the structure and development of migrant networks using ethnographic and survey data collected in four Mexican communities between November 1982 and February 1983 and in California between August and September of 1983. A random sample of 200 households was gathered in each of two rural and two urban Mexican communities located in the states of Michoacán and Jalisco. These data were supplemented by nonrandom samples of 60 households that had settled permanently in California. In both the United States and in Mexico, the surveys were administered by Mexican anthropologists, who also conducted extensive ethnographic fieldwork.

THE SOCIAL BASES OF NETWORK MIGRATION

Migration from Mexico to the United States is an inherently social enterprise.

Migrants do not go north alone, but travel in groups composed of relatives, neighbors, and friends. In moving to a strange and often hostile land, these people naturally draw upon the existing ties of kinship and friendship to share the problems of life abroad. Over time, these basic human relationships acquire new meanings and social functions. They are transformed into a set of social relations the meaning of which is defined within the migrant context. Shared understandings develop about what it means to be a friend, relative, or neighbor within a community of migrants, and eventually these understandings crystallize into a web of interrelationships that constitute a migrant network. Migrant networks grow out of universal human relations that are adapted to the special circumstances of international migration. The relations are not created by the migratory process, but molded to it, and over time they are strengthened by the common bond of the migrant experience itself.

Kinship is the most important base of migrant social organization, and family connections provide the most secure network connections. Male relatives, in particular, have evolved well-established expectations of mutual aid and cooperation in the United States. The strongest relationship is between migrant fathers and sons. Long after they have grown up to form their own families, fathers and sons migrate together. Out of this common experience, the paternal bond is strengthened, and a new relationship between migrant fathers and sons develops. Throughout their lives, migrant fathers and sons are more likely to offer help, information, and services to one another, both at home and abroad.

Between brothers there is also a continual exchange of favors. Facing many demands for assistance from friends and relatives while abroad, migrants favor brothers. To a brother arriving in the United States without money, job, or documents, there is a series of obligations. A place to stay, help in finding work, a loan of money, and the payment of trip expenses are common ways that fraternal ties are strengthened in the migrant context. This relationship between migrant brothers carries over to their sons, with nephews similarly being given preferred treatment over other relatives. A new migrant arriving in the United States can generally count on the help of his father's brother, and many uncles take it upon themselves to initiate their nephews into the migratory process. The strength of the brotherly tie also extends to cousins linked by common male relatives. When young men strike out together for the United States, they are often parallel cousins.

Because of its explosive growth, migration has outgrown a social organization based solely on kinship, and networks have increasingly incorporated other close social relations. The closest bonds outside of the family are those formed by people as they grow up together. These are typically friendships between people of roughly the same age who shared formative experiences as children. A lifetime of shared experiences creates a disposition to exchange favors and to provide mutual assistance, and friends who find themselves sharing another formative experience—international migration—assist one another in a variety of ways: finding an apartment in the United States, sharing information about jobs, pooling resources, borrowing or loaning money.

Although a migrant's friendship connections are initially concentrated among those of the same age, ties gradually extend to other generations as

migrants of all ages are drawn together in the United States. If friends from the same town migrate repeatedly, their relations eventually overlap with circles of friends from other communities, greatly expanding the range of the community's network.

The most diffuse type of social relations in the networks is that of *paisanaje*, the sharing of a community of origin, and it has become an increasingly important base of migrant social organization. As with friends and relatives, migrant *paisanos* call upon one another for mutual assistance during their time abroad. *Paisanos* have an obligation to one another not shared with acquaintances from other communities.

Moreover, *paisanaje* reinforces the network in another way. The most important representation of *paisanaje* is the patron saint. Every Mexican town holds an annual fiesta in honor of its benefactor. This celebration represents a reaffirmation of the community and its people, and it has traditionally been an important integrative mechanism in rural Mexico. With the advent of U.S. migration, however, the symbolic value of the patron saint has been shaped to the new reality of a migrant community, and the traditional importance of the fiesta has been greatly augmented.

The saint's fiesta provides a very practical framework within which to reunite families and friends. It is now more a celebration of the return of *los ausentes*, the absent ones, than a ceremony in honor of a saint. By sponsoring the periodic reunion of *los ausentes* and nonmigrant *paisanos*, the fiesta facilitates the reintegration of the former into the community and reaffirms their continuing place in social life by providing a very public demonstration of the community's commitment to them as true *paisanos*.

In the two rural towns under study, a special day in the fiesta has been se aside to honor *los ausentes*. On this day migrants pay the costs of music, churcl decorations, fireworks displays, and othe diversions. Those who have been able tc return are featured in the processions and liturgic acts, and in his sermon fo that day, the town priest reaffirms the collective sentiment of unity, speakin of a single community and of a grea family with a patron saint that look over them. In this way, a concrete cultural manifestation of *paisanaje* the saint's fiesta, has become a very important social institution supportin migration. Symbolically, it reaffirms the existence of an international network o *paisanos* linked together by a commor heritage, and, practically, it strengthens the network by facilitating contact between active migrants and prospective migrants at home.

Other institutional mechanisms besides the saint's fiesta have evolved to enable migrants to use the social connections of the network. Although migrant belong to a variety of voluntary organizations in the United States, the mos important is the soccer club. One of th two urban communities under stud provides a particularly good example o how an organization apparently unrelated to the migrant process, a socce club, has been adapted to serve th needs of a binational migrant community. Although its manifest function are recreational, its latent functions ar to strengthen and expand the socia connections within the network, thereb supporting the migrant enterprise.

The vast majority of migrants fror this community go to Los Angeles, large and sprawling city, where it is nc easy to maintain regular contact wit friends, relatives, and *paisanos*. M grants from the community under consi

eration have resolved this problem through their soccer club, to which all *paisanos* belong as a right. The club was formed to support a team of hometown players competing in a California soccer league. The team trains every Sunday in a public park and has won its league championship for five consecutive years.

The team's success on the playing field has made the club so popular that nearly all *paisanos* in the Los Angeles area are involved. Indeed, the practice field has become an obligatory place of reunion for all out-migrant *paisanos*. It is the place where dates are made, work obtained, friends located, new arrivals welcomed, and news of the town exchanged. Sunday after Sunday, townspeople meet to watch soccer and to socialize. This weekly reunion not only breaks up the routine of work, but it also provides a regular forum for communication and exchange. By sponsoring the regular interaction of townspeople, the soccer club serves as a clearinghouse for jobs, housing, and other information.

These encounters also facilitate the formation of friendly relations with people from other communities in Mexico, who also frequent the athletic fields. On some occasions, when there is a scarcity of hometown players, these people join the team and share in the party mood that prevails after each game, permitting them to take advantage of the information and offers of assistance that spring from these reunions. Their incorporation into the circle of friends, relatives, and *paisanos* from another home community further extends the range of the migrant network.

A QUALITATIVE STUDY OF NETWORK DEVELOPMENT

One of the two rural communities under study provides a good case study of network development. The first migrants went north at the turn of the century through the efforts of U.S. labor recruiters, who put them in touch with railroad track crews in the southwestern United States. Toward the end of the 1920s, migrants began entering the steel mills around Chicago. These migrants, in turn, got jobs for their friends and relatives, and the flow of migrants shifted primarily to the upper Midwest. Recent arrivals were informed of opportunities for work and housing and were incorporated into the social life of migrants in Chicago. By 1929, a large daughter community of permanent out-migrants had emerged in that city. However, with the onset of the depression, and the subsequent repatriation and return of many families, the social network into Chicago was ruptured. Between 1930 and 1942, this network withered away and died.

With the advent of the *bracero* program in 1942, new contacts were established with agricultural work sites in California, and the flow of migrants was redirected there. These California-directed networks were different from the earlier ones going into Chicago. The *bracero* program permitted the immediate resumption of large-scale international migration because it did not require an extensive social infrastructure of contacts and previous experience. The socioeconomic organization of migrants was accomplished through institutional channels sponsored by the U.S. and Mexican governments.

Within a few years, the demand for *bracero* permits greatly exceeded their supply, and undocumented migration began to grow. While U.S. employment was initially arranged through government channels, these soon became irrelevant to migrant recruitment. Government-regulated contracts were replaced

by personal relationships between migrants and employers. Information flowed back into the home communities from agricultural areas in California, bypassing the official *bracero* recruitment centers.

Undocumented migration initially developed among men with prior *bracero* experience, whose knowledge, contacts, and experience enabled them to go north with some assurance of finding work. These contacts were encouraged by the growers themselves, who preferred dealing directly with undocumented workers to arranging contracts through the government. By establishing personal relationships with particular migrants, the growers assured themselves of a stable and reliable labor force, without incurring any legal obligations to the workers and above all without having to pay the transportation costs that were stipulated in the *bracero* treaty.

In these direct relations between migrants and growers, intermediaries such as foremen or labor contractors played a key role. They drew upon their kin and friendship connections with townspeople and recruited those people into U.S. agricultural work. These *contratistas*, the intermediaries, tended to settle in the United States and serve as permanent U.S. anchors for the emerging migrant networks. Many of them were former *braceros* who managed to arrange their legal papers before restrictive amendments to U.S. immigration law took effect in 1968. These settlers allowed the development of a pattern of migration typified by the predominance, in a particular place, of a core of settled migrants surrounded by a larger free-floating population of temporary *paisanos*.

Relations between the hometown and the various California communities gradually developed into stable, specific uration, and by the end of the *bracero* program in 1964, several specific migrant networks were in place. The maturation of the networks after 1964 coincided with a wave of capital-intensive agricultural modernization in rural Mexico, giving rise to a massive upsurge in out-migration, most of it undocumented. Townspeople turned to international rather than internal migration because the networks put a U.S. job within easy reach. For a resident of this particular town, the networks meant that it was easier to go to California and find a job than to go to Mexico City or Guadalajara.

A QUANTITATIVE STUDY OF NETWORK DEVELOPMENT

The development of the migrant networks is clearly indicated by quantitative survey data from the four sample communities. Table 1 examines a variety of social ties to the United States reported by migrants on their most recent U.S. trip. In order to show the development of the networks over time, the data are broken down by period of trip.

As networks matured over time, migrants reported a growing number of family connections in the United States. Those migrating before 1940 generally had the fewest family connections abroad, with rural-origin migrants reporting about 10 relatives in the United States, and urban-origin migrants about 16. Prior to 1940 no one had a grandparent with prior migrant experience, and no rural dweller had a migrant parent. Only 14 percent of urban dwellers reported a parent with migrant experience.

During the *bracero* period from 1942 to 1964, however, the foundations for modern network migration were estab-

TABLE 1
SOCIAL TIES TO THE UNITED STATES BY PERIOD OF TRIP AND RURAL/URBAN STATUS: MIGRANTS FROM FOUR MEXICAN COMMUNITIES

	Period of Trip			
Social Tie	Pre-1940	1940-64	1965-82	Pre-1940 to 1982
Rural Communities				
Personal ties to the United States				
Mean number of relatives in the United States	9.9	10.3	15.9	14 3
Mean number of *paisanos* in the United States	29.9	19.9	25 6	24 1
Percentage with migrant parent	0 0%	25 7%	52 9%	43.9%
Percentage with migrant grandparent	0.0%	4.3%	11 2%	8.9%
Organizational ties to the United States				
Percentage in a U.S. social club	0.0%	4 1%	6.0%	5.4%
Percentage in a U.S. religious club	0 0%	5 7%	5 0%	5.1%
Percentage in a U S. sports club	0.0%	4 1%	16.1%	12.7%
Number of migrants	6	75	208	289
Urban Communities				
Personal ties to the United States				
Mean number of relatives in the United States	15.7	23 3	20 7	21 2
Mean number of *paisanos* in the United States	6.3	7 8	19 1	15 3
Percentage with migrant parent	14 3%	13 9%	27 6%	23 0%
Percentage with migrant grandparent	0 0%	2 8%	7.0%	5 4%
Organizational ties to the United States				
Percentage in a U.S. social club	0 0%	2.7%	3.8%	3 3%
Percentage in a U.S. religious club	0 0%	5 4%	5 7%	5.3%
Percentage in a U.S. sports club	0.0%	5 4%	40 6%	29 8%
Number of migrants	8	37	106	151

tions grew. After 1965, migrants could count on a much larger set of kinship ties to assist them in getting established and securing employment in the United States. In the most recent period, migrants of rural origin reported about 16 U.S. relatives and urban-origin migrants about 21. Similarly, those with migrant parents had risen to 53 percent in rural areas and to 28 percent in urban areas, and the percentage with migrant grandparents increased in both places as well.

Survey data also show that friendship connections increased over time. Before 1940 urban dwellers reported knowing only 6 *paisanos* on their latest trip to the United States, but after 1965 the number had increased to 19. Among rural dwellers, however, the number of U.S. *paisanos* started high at around 30 before 1940, fell to 20 during the 1940-64 period, and then rose to 26 after 1965. The high number before 1940 reflects the relatively well-developed Chicago network that flowered before the depression.

Ties to voluntary organizations based in the United States grew steadily over time, especially ties to sports clubs. Among urban-origin migrants, soccer clubs grew to become key organizational elements of the migrant network, with the share reporting membership in a sports club increasing from zero percent before 1940 to 41 percent after 1965, and among rural migrants the increase was from zero percent to 16

ercent. In the urban community whose ɔccer club we described earlier, a major-y of post-1965 migrants, 53 percent, ɛported membership in the sports club, ompared to under 10 percent before 965.

The maturation of the networks is lso indicated by the emergence of aughter communities in the United tates. Around these daughter commu-ities, a social and economic organi-ation grows, channeling migrants in ver increasing numbers to specific oints of destination. This channeling ccurs as the social networks focus ıcreasingly on specific communities. ,s the daugther communities develop, ıe social infrastructure linking them to ıe parent community becomes ever ıore complex and reified, and the net-'ork becomes increasingly self-sus-ıining. More migrants move to a partic-lar place because that is where the etworks lead and because that is where ɔcial connections afford them the great-ɜt chance for success. As more migrants rrive, the range of social connections ɛpands, making subsequent migration) that place even more likely.

This channeling of migrants is evi-ent in Figures 1 and 2, which present ıe share of new migrants going to ifferent areas of California at various oints in time. One rural and one urban ommunity were chosen to illustrate the rocess. In the rural town, destinations uctuated considerably up through the 950s. After 1960, however, the range of '.S. destinations steadily dwindled, when ,os Angeles and the middle San Joaquin 'alley emerged as the two predominant oles of attraction, capturing between 0 percent and 80 percent of all migrants. ›ata for the urban community also how the progressive channeling of ıigrants into Los Angeles. While the *bracero* program recruited townspeople into agricultural areas during the 1940s, after 1950 Los Angeles became the over-whelmingly favorite destination of new U.S. migrants. By the most recent period, about 90 percent of new urban-origin migrants went to work in the Los Angeles area.

The importance of network connec-tions to the migrant enterprise is sug-gested by Table 2, which shows how migrants got their U.S. jobs and to whom they turned for financial assis-tance while in the United States. Of the rural-origin migrants, 35 percent found a job in the United States through a friend, relative, or *paisano*, while 46 percent of urban-origin migrants did so. When rural migrants needed money while abroad, 82 percent fell back on one of these network connections, and 61 percent of the urban migrants did so.

Perhaps the best indication of the important role that networks have played in migration between Mexico and the United States is the effect they have had on the likelihood of out-migration, espe-cially from rural areas. Figure 3 presents the lifetime probability of out-migration for males in the two rural communities under study, estimated for successive five-year periods from 1940 to 1982. These figures were derived from an age-period-cohort analysis of first migration to the United States. The lifetime prob-ability of out-migration represents the hypothetical probability of going to the United States at least once before age 60. It was estimated for successive five-year periods by asking what would happen if men born in that interval went through life subject to the out-migration rates prevailing at the time.

The end of the *bracero* program in 1964 coincided with two events of great importance to rural areas. First, the

FIGURE 1
CALIFORNIA DESTINATION OF MIGRANTS FROM A RURAL MEXICAN TOWN, 1910-82

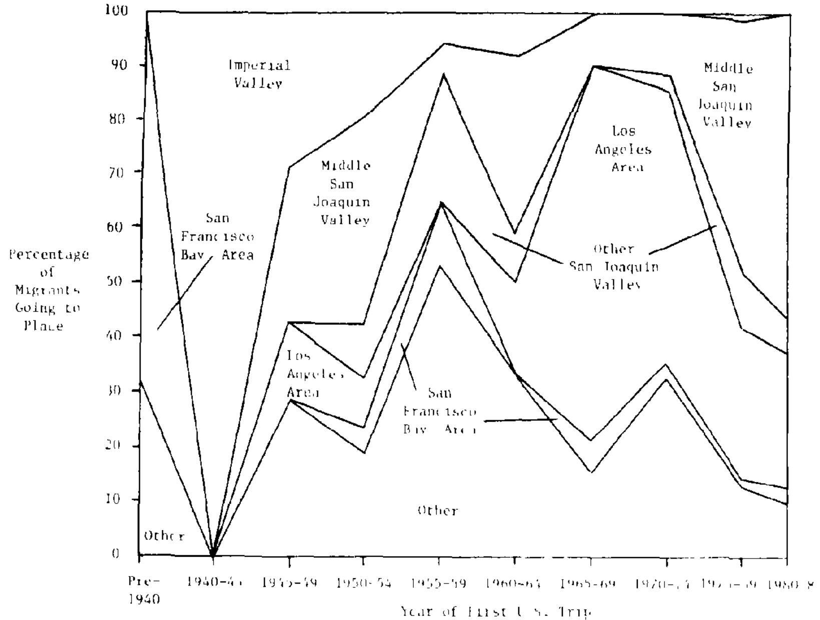


FIGURE 2
CALIFORNIA DESTINATION OF MIGRANTS FROM A MEXICAN URBAN COMMUNITY, 1910-82

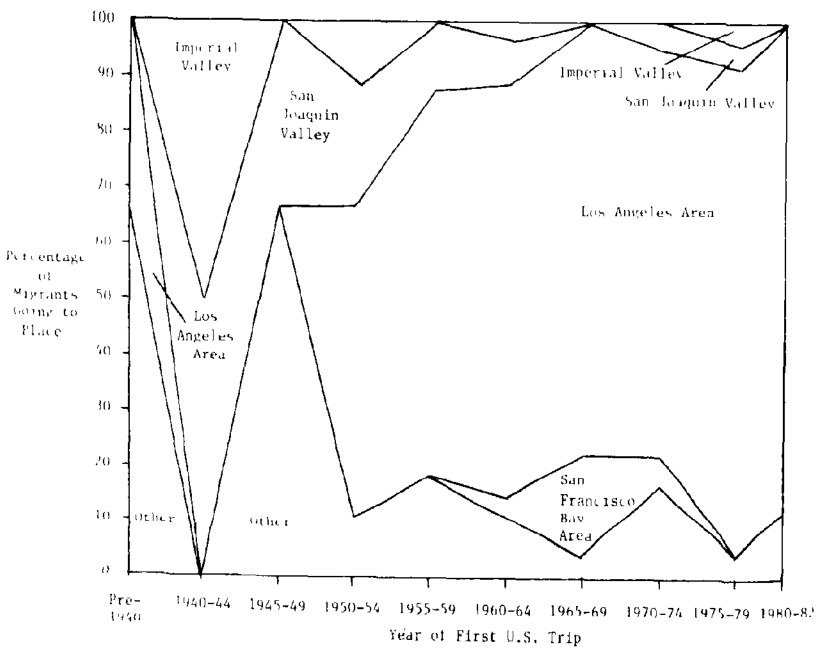


TABLE 2
HOW MIGRANTS OBTAINED THEIR U.S. JOB AND TO WHOM THEY TURNED FOR FINANCIAL ASSISTANCE IN THE UNITED STATES: MIGRANTS FROM FOUR MEXICAN COMMUNITIES (Percentage)

ource of Aid	Rural Communities	Urban Communities
low U.S. job was obtained		
Through migrant's own search	44.9	42.2
Through friend, relative, *paisano*	34.5	45.8
Through labor contractor	18.9	10 1
Through coyote*	1 1	0 8
Other	0 6	1.1
Number of jobs	(740)	(353)
/here migrant turned for financial help on last trip		
Friend	63 1	28.9
Relative	15 4	23 7
Paisano	3.0	7.9
Employer	7 7	2 7
Bank	7 7	18.4
Other	3 1	18.4
Number needing financial help	(65)	(38)

A coyote is a person who guides undocumented migrants across the border between Mexico and ne United States

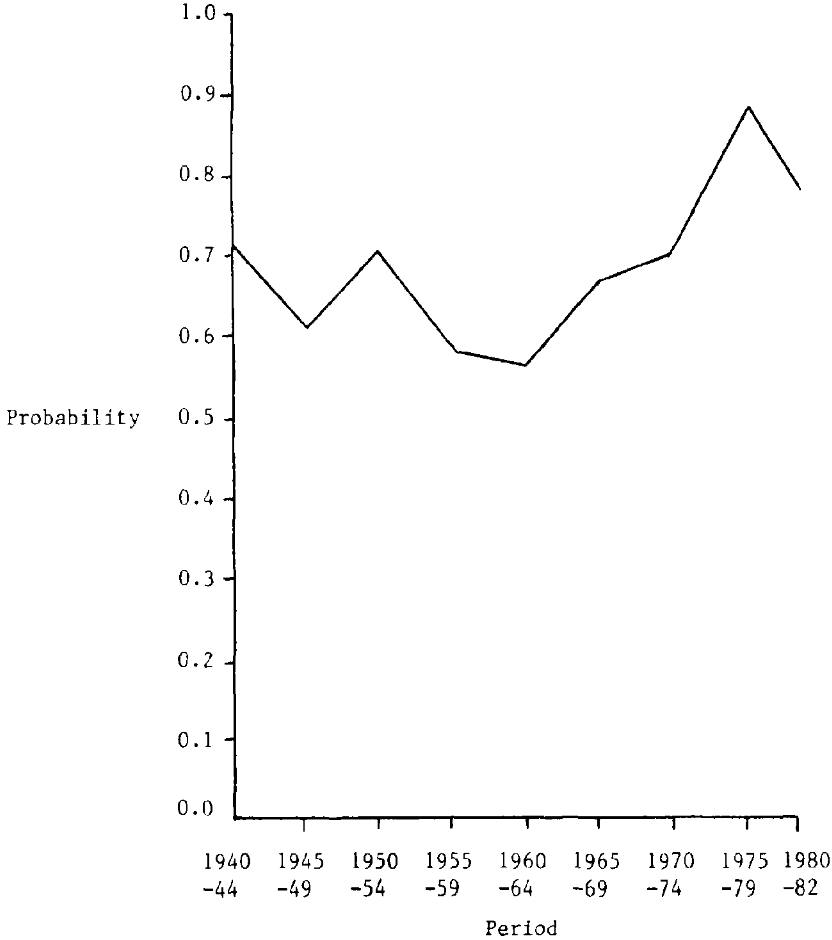
ıigrant networks matured and began to cquire increasing momentum. Second, wave of agricultural modernization ıechanized farm production and supplanted traditional crops, displacing farm /orkers from their traditional sources f sustenance. The result of these developıents was a massive upswing in the kelihood of migration after 1965. Modrnization spurred migration and the etworks directed it northward. A man orn in the period 1960-64 had a 56 ercent chance of going to the United states at some point in his life, but in the nsuing years the probability of migraıon rose steadily, and by 1975-79 it eached nearly 90 percent. In other /ords, by the late 1970s, migration had ecome universal among men in the ommunities studied.

CONCLUSION

Prior sections have shown how migraion is a social process in which basic human relationships are adapted to play new roles in the migratory enterprise. The familiar relations of kinship, friendship, and *paisanaje* are woven into a social fabric that provides migrants with a valuable adaptive resource in a strange new environment. Through networks of interpersonal relations, people and information circulate to create a social continuum linking communities in Mexico with daughter settlements in the United States. The networks are strengthened by a variety of institutional mechanisms, ranging from the fiesta of the patron saint to United States-based soccer clubs. Social networks provide aspiring migrants with food, housing, transport, work, and a social life in the United States. Their existence greatly reduces the cost of U.S. migration, permitting its regular and repeated use by Mexican families in a conscious economic strategy.

Thus, networks are key elements in understanding Mexican migration to the United States. While the displace-

FIGURE 3
LIFETIME PROBABILITY OF BECOMING A MIGRANT BY PERIOD: MALES FROM TWO RURAL MEXICAN TOWNS



ment of farm labor by agricultural modernization may cause out-migration, networks direct it to the United States. Over time, the operation of networks tends to be self-perpetuating, so that international migration continues independently of the conditions that originally sparked it. Expansion of the networks leads to more migration, which leads to expansion of the networks. Thus, in the late 1970s, when economic conditions in Mexico dramatically improved and those in the United States deteriorated, the likelihood of U.S. migration continued to climb to the point where it became virtually universal among men.

The increasing probability of migration during the past decade occurred in spite of an increasingly restrictive U.S.

immigration policy toward Mexico. American policies have not always been so ineffectual, however. In the regeneration of migrant networks after the Great Depression, the *bracero* program sponsored by the United States was pivotal. It permitted the instantaneous resumption of mass migration without developed networks. The program's duration for 22 years, between 1942 and 1964, provided the time necessary for new networks to take hold and grow, so that by the time it ended, it was largely irrelevant to the ongoing migrant process. Migration to the United States had become a self-sustaining social enterprise. Perhaps the most important lesson of this study is that migration is much easier to start than to stop.

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Caribbean Migration to the Mainland: A Review of Adaptive Experiences

By JOHN A. GARCÍA

ABSTRACT: This article examines the incorporation of immigrant populations into U.S. society with a review of certain Caribbean groups: Dominicans, Haitians, and West Indians. The influx of these groups to the U.S. mainland dates back to the 1820s, but the significant flows have been noticeable since the early 1970s. The interaction of the economic factors relevant to the residents of these Caribbean nations and to the U.S. economy explains, to a large degree, their migration patterns. Prior to more specific discussions of each of the Caribbean groups, the author discusses the incorporation process, which entails adaptation, integration, and absorption. This process involves both individual adjustments and communal activities with the larger society. The discussion of Dominicans, Haitians, and West Indians suggests somewhat varied experiences and progress in the incorporation process. For Dominicans and West Indians, some socioeconomic mobility is evident, as well as the formation of groups to interact with majority institutions. In the case of Haitians, the issues of legal status and seeking political refugee status serve as a necessary prerequisite to moving through the incorporation process.

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CONTEMPORARY examination of international migration to the United States has been focused on newer waves of immigrants, with an eye toward national origin, culture, and extent of integration into society. Certainly, demographic information has demonstrated a marked shift in the countries of origin, from European countries to the countries of Latin America, Southeast Asia, and the Caribbean. This article attempts to examine the adaptation experiences of Caribbean migrants, specifically, migrants from the Dominican Republic, Haiti, and the West Indies.

It is estimated that Caribbean immigrants to the United States numbered just over 1.9 million between 1820 and 1981. (See Table 1.) Yet significant influx of Caribbeans has been noticeable only since 1971. From 1971 to 1975, a total of 318,027 Caribbeans were admitted to the United States, and from 1976 to 1981, 496,400 entered the country.[1] (See Table 2.) For this 10-year period, over two-fifths of all Caribbean emigrants came to the United States.

The image of recent waves of Caribbeans has its basis in the recent, significant influx to the northeastern region of the United States. In the 1850s and 1870s, migration of West Indians to the United States was also noticeable in New York City and other northeastern cities.[2] The concentration of Caribbean groups in the New York metropolitan region continues in the 1970s and 1980s; the region serves as the major point of entry.[3] As we examine the experiences and adaptation of these groups, it becomes important to discuss briefly the processes that immigrant populations undergo in the American host society.

IMMIGRANTS' ADAPTATION AND INTEGRATION PROCESSES

A growing body of literature has been developed to examine and explain migration from one country to another. Conditions affecting migration can range from involuntary conditions, such as catastrophic events or military conquest, to a voluntary decision to seek better conditions.[4] The push-pull model has been used to look at individuals' decisions to migrate due to conditions at the point of origin and at the destination.[5] This model tends to emphasize a basis of maximizing benefits and minimizing costs. At the same time, structural models of migration tend to identify the relation between labor and capital[6] in industrialized nations and developing countries.[7] Components such as surplus labor forces, elastic labor supply, and capital-

1. U.S., Department of Justice, *Immigration and Naturalization Service Statistical Yearbook* (Washington, DC: Government Printing Office, 1982).

2. Nancy Foner and R. Napoli, "Jamaican and Black Migrant Farm Workers: A Comparative Analysis," *Social Problems*, 25(4):491-503 (April 1978); Josh Dewind, "Caribbean Migration: Contract Labor in U.S. Agriculture," *NACLA: Report on the Americas*, 11(8):4-37 (Nov. 1977).

3. Roy Bryce-Laporte, "New York City and the New Caribbean Immigration: A Contextual Statement," *International Migration Review*, 13(2):214-33 (1979).

4. Wayne Cornelius, *Mexican and Caribbean Migration to the U.S.: The State of Current Knowledge and Priorities for Future Research* (La Jolla, CA: Center for U.S.-American Studies, 1981).

5. Tom Weaver and T. Downing, *Mexican Migration* (Tucson: University of Arizona Press, 1976).

6. Jorge Bustamante, "Migración indocumentada," *Foro internacional*, 19(2):317-25 (1978).

7. Michael J. Piore, *Birds of Passage: Migrant Labor and Industrial Societies* (New York: Cambridge University Press, 1979).

TABLE 1

IMMIGRATION FROM WESTERN HEMISPHERE REGIONS AND COUNTRIES TO THE UNITED STATES SINCE 1900 (BY DECADES)

Western Hemisphere Regions	1901-10	1911-20	1921-30	1931-40	1941-50	1951-60	1961-70
Canada and Newfoundland	179,226	742,185	924,515	108,527	171,718	377,952	413,310
Mexico	49,642	219,004	459,287	22,319	60,589	299,811	453,937
Caribbean	107,548	123,424	74,899	15,502	49,725	123,091	470,213
Central America	8,192	17,159	15,796	5,861	21,665	44,751	101,330
South America	17,280	41,899	42,215	7,803	21,831	91,628	257,954

SOURCE U.S., Department of Justice, *Immigration and Naturalization Service Statistical Yearbook* (Washington, DC Government Printing Office, 1982), tab 2.

TABLE 2
CARIBBEAN IMMIGRATION TO THE UNITED STATES, 1972-81

Caribbean Countries	Time Periods 1972-73	1974-75	1976-77	1978-79	1980-81	Total
Barbados	3,068	3,079	4,973	5,430	5,061	21,611
Dominican Republic	24,681	29,746	26,743	36,977	35,465	153,612
Haiti	10,595	9,091	12,132	12,903	13,223	57,944
Jamaica	23,390	23,484	22,601	38,979	42,539	150,993
Trinidad and Tobago	13,650	12,498	12,146	11,198	9,753	59,245
Total	75,384	77,898	78,595	105,487	106,041	443,405

SOURCE Department of Justice, *Immigration and Naturalization Service Statistical Yearbook.*

istic economic growth are identified as the primary factors affecting the flow and magnitude of migration.[8] Works particularly on Caribbean migration have focused on both the individual factors—lack of an economic opportunity structure, population pressures, and the like—and the structural relations between the Caribbean region and the United States.[9]

The magnitude of economic disparity between the primarily agricultural societies and postindustrial America serves as a major impetus for migration. The consequences of international migration have been viewed in terms of social, cultural, and economic outcomes. Sending societies gain seasonal or longer-term employment, remittances sent home, occupational outlets to utilize developed skills, and population shifts, while host societies gain a flexible, inexpensive labor reserve. Other gains come in the form of cultural enrichment and diversity, exchange of knowledge, and other social interchanges.[10]

Obviously there are genuine concerns about the impacts of migration flows in terms of economic development in each country and the human capital impact on growth and decline of countries. Our focus is on the interface of the immigrants' experiences with elements of the host society. With concepts of assimilation,[11] adjustment, acculturation,[12] and absorption,[13] researchers have tried to deal with an intricate process of interaction between new members and established residents. We will briefly outline a process in which the general incorporation of migrants into society occurs.

Within the incorporation process, it is possible to distinguish three subprocesses.[14] The first will be designated adaptation. This deals with the migrants' adjustments of their behaviors. Entrance into a new society will require some socialization as to social relations, societal roles, language, knowledge, and familiarity with institutions, norms, and

8. Anthony Richmond and R. Verma, "The Economic Adaptation of Immigrants: A New Theoretical Perspective," *International Migration Review*, 12(1):3-33 (1978).

9. Elsa Chaney, "The World Economy and Contemporary Migration," *International Migration Review*, 13(2):204-12 (1979).

10. Ibid.

11. Milton Gordon, *Assimilation in American Life* (Oxford: Oxford University Press, 1965).

12. R. Taft, *From Stranger to Citizen* (London: Tavistock, 1966)

13. Stuart Eisenstadt, *The Absorption of Immigrants* (London: Routledge & Kegan Paul, 1966)

14. Hans Van Amersfoort, *Immigration and the Formation of Minority Groups* (London: Cambridge University Press, 1982).

values. Previously settled migrants can serve as the socializing agents for more recent waves of fellow migrants. As the contact with elements of the host society increases, the migrant makes some evaluations as to parameters of proper behavior. Finally, a preference for the aesthetic aspects of the host society—such as food, clothing, and music—reflects the individual's process of adjusting to a new situation. It should be noted that adaptation is not a unilateral phenomenon, as members of the host society serve as purveyors of expected norms, values, and societal roles.

The second aspect of the incorporation process can be described as integration. This phase concentrates on the organizational growth within the immigrant community. Collective entities serve as the vehicle for contact with institutions and informational networks and as a means of communication. These organizational structures provide a wide range of activities by means of which they transmit information within the migrant community and meet in-group needs. The concept of institutional completeness includes the establishment of an immigrant's jurisdiction within the community.[15] This organizational development serves to establish the presence of the migrant community with the host society and requires some societal response to it. For example, the expanding Hispanic and Caribbean communities in New York City have placed great pressures on the New York public school system to adjust its educational programs and staffing.[16]

The final stage of incorporation into the host society can be designated as absorption. This phase concerns the participation on the part of the individual migrant and the degree of participation of the group, as a whole, in terms of the larger society.[17] Absorption, or the extent of it, will be influenced by the characteristics of the migrants, their organizational development, and the content of their institutional-legal arrangements with the host society. For example, the influx of Haitian boat people can represent a situation in the midst of clarifying legal recognition of refugee status or not. Acceptance and/or limitation of participation will also affect the absorption process.

We have briefly outlined a process that looks at the incorporation process as the result of individual adaptation, growth of collective status, and regularizing societal relationships with respect to the host society. With the process outlined, we shall go on to discuss the status of Dominicans, West Indians, and Haitians in this process.

THE DOMINICANS: MORE RECENT AND RAPID INFLUX

As previously indicated, over two-fifths of all Caribbean emigrants since 1970 have come to the United States. For immigrants from the Dominican Republic, the significant flow has occurred since the late 1960s. From 1972 to 1981, a total of 153,612 Dominicans migrated to the United States, with the northeast region being the major point of destination. The combination of political turmoil following the decline of

15. Roy Bryce-Laporte, "Black Immigrants," in *Through Different Eyes: Black and White Perspectives on American Race Relations*, eds. Peter Rose, Stanley Rothman, and William Wilson (New York: Oxford University Press, 1973).

16. Douglas Gurak and Lloyd Rogler, "The Hispanics," *New York Educational Quarterly*, 11(4):20-24 (Summer 1980).

17. Van Amersfoort, *Immigration and the Formation of Minority Groups*.

Trujillo and economic opportunities off the island is partially responsible for the increase in out-migration.

Works by Garrison and Weiss and by Graves and Graves outline a chain migration to the United States, in which relatives are brought by already situated kin.[18] The use of arranged marriages (*matrimonio de favor*) facilitates the chain's reuniting of family members. On other occasions, a passport is bought—actually, rented—in exchange for a tourist visa; it is later returned to the seller for use by another buyer.[19] This last pattern is common for Dominican permanent residents as they encounter great difficulties in reuniting family members who are not in preference categories or as long periods lapse before the reunification of immediate family members occurs.

Almost three-fourths of Dominicans immigrate with entry documents and 84 percent enter under the numerical limitations of preference categories. Any discussion of Dominican migration also includes the recognition of undocumented immigrants, who have been estimated to number 300,000,[20] or approximately one-third of the Dominicans migrating to the United States since 1970. The distinctive feature of the Dominican communities in New York City, where there is a major concentration of Dominicans, primarily on the Upper West Side and in the Washington Heights area of Manhattan,[21] is the presence of both documented and undocumented immigrants.

Once they have migrated to New York City, both documented and undocumented Dominicans are located overwhelmingly in manual-labor occupations.[22] Occupational comparisons of undocumented and documented immigrants reveal a good representation of both—11 percent and 22 percent, respectively, are professionals—in more prestigious occupations as well as significant proportions working as operatives and craftsmen. Yet the noticeable labor market experiences of documented, as compared to undocumented, Dominicans lie in the penetration of the documented into the sales occupations and in the size of the firms in which they are found. Undocumented Dominicans are employed in small manufacturing firms, working longer hours and earning 25 to 35 percent less than their legal counterparts. This pattern is more pronounced for undocumented females. In essence, undocumented Dominicans serve as a ready supply of workers in secondary labor markets, which comprise small low-paying, non-unionized firms. Such a concentration strongly suggests an ethnically stratified cueing system, in which the available pool of labor is fitted into the labor force as openings occur. In addition, ethnic enterprises also serve as sponsors to supply ethnic operated firms with a ready work

18. Vivian Garrison and Carol Weiss, "Dominican Family Networks and U.S. Immigration Policy: A Case Study," *International Migration Review*, 13(2):284-97 (1979); N.B Graves and J. D Graves, "Adaptive Strategies in Urban Migration," in *Annual Review of Anthropology*, ed. B. Siegel (Stanford, CA. Stanford University Press, 1974)

19. Garrison and Weiss, "Dominican Family Networks."

20. Antonio Ugalde, Frank Bean, and Gilberto Cardenas, "International Migration from the Dominican Republic: Findings from a National Survey," *International Migration Review*, 13(2):235-54 (1979).

21. Gurak and Rogler, "Hispanics."

22. Ibid.; Sherri Grassmuck, "Immigration Ethnic Stratification, and Native Working Discipline: Comparisons of Documented and Undocumented Dominicans," *International Migration Review*, 18(43):592-713 (1984).

force.[23] The incorporation of Dominicans, especially undocumented ones, into the labor market serves to augment the profit margins of employers who might otherwise have to raise wages, change working conditions, pursue further mechanization, or relocate out of the region.[24]

Despite significant concentrations of Dominicans in the manufacturing and service sectors, they represent literate, middle-class urbanites who migrate during their peak productive years. Studies by Ugalde, Bean, and Cardenas and by Grassmuck substantiate the urban origins of most immigrant Dominicans—75 to 85 percent—and education levels higher than their countrymen remaining on the island.[25] This dispels the image of rural, illiterate villagers pictured by Gonzalez and Hendricks.[26] Major reasons for migration are high rates of unemployment—reasons held by 30 percent—and search for better incomes—30 percent.[27] Individuals migrating for educational reasons generally come from higher social strata. Yet with major increases in Dominican migration, it is important to note return migration, which occurs at a rate of 39 percent. Approximately one-fifth of the immigrants return due to adjustment problems in the United States; one-fourth return after completing studies; and one-tenth go back with saved money to start a business.[28]

Organizationally, the Dominicans form recreational groups within a relatively homogeneous community.[29] In this way, the groups substitute for the extended kinship and *compadrazgo* systems found in the homeland. In addition, several cultural and civic associations maintain cultural ties to the homeland and facilitate life in the host society. For example, in 1972 an umbrella organization, Concilio de organizaciones dominicanas, was formed to push for more rights for undocumented Dominicans.[30] These and more recent organizational activities appear to take on the second stage of the integration process, in which Dominican organizations engage in more exchanges with institutions of the external community. Dominicans have experienced the sense of collectivism and adaptive redefinition of temporary sojourners and have become a permanent residential community.

Finally, instrumental organizations mobilize the community in areas where there are language barriers—particularly the educational system—access to social welfare programs concerned with health, housing, and unemployment benefits, contact with the criminal justice system,[31] and interaction with the labor market. The growing permanent Dominican community is slowly penetrating major societal institutions, such as the

23. Alejandro Portes and Robert Manning, "The Immigrant System," in *Ethnicity: Structure and Process*, ed. J. Nogel and S. Olzck (New York: Academic Press, 1984).

24. Grassmuck, "Immigration, Ethnic Stratification, and Native Working Discipline."

25. Ibid.; Ugalde, Bean, and Cardenas, "International Migration from the Dominican Republic."

26. Nanci L. Gonzalez, "Peasants Progress: Dominicans in New York," *Caribbean Studies*, 10(3):151-71 (1970).

27. Ugalde, Bean, and Cardenas, "International Migration from the Dominican Republic."

28. Ibid.

29. Soskia Sassen-Koob, "Formal and Informal Associations: Dominicans and Columbians in New York," *International Migration Review*, 13(2):314-32 (1979).

30. Ibid.

31. P. Sisson, *The Hispanic Experience of Criminal Justice*, Hispanic Research Center H3 (Bronx, NY: Fordham University, 1979).

City University of New York, and is ameliorating decisions, such as intermarriage and financial or household commitments, to progress slowly in the integrative process.

HAITIAN MIGRATION: REFUGEES OR NEW IMMIGRANTS?

The flow of Haitians to the United States has been more noticeable since the mid-seventies. For the period from 1972 to 1982, approximately 68,000 Haitians were admitted.[32] They have averaged 6700 persons annually. The crux of Haitian migration has centered around the boat people's efforts to survive the trip from the northwestern part of the island to the Bahamas, Bimini, Cuba, or Florida; Miami and New York City are major ports of entry and destination. The political rule of Duvalier and economic disaster have served to motivate thousands of Haitians to risk a perilous venture to flee their island.[33] Famine, misery, and growing repression are major factors. Haitians compare their situation to refugees from Southeast Asia, Eastern Europe, and Cuba. Case studies suggest that people fleeing Haiti under Duvalier's rule would sell their land, livestock, furniture, and the like to pay a boat owner $2200 for passage out of a country where the annual per capita income is $220.[34]

The current immigration policy sees Haitians as economic immigrants and not as political refugees. Continuing efforts to change their status have met with more camps in southern Florida—particularly Pompano Beach—and northeastern Miami. Race has been interjected into this controversy by the suggestion of insensitivity to the "plight of poor and black immigrants."[35] Politically, both interest and contact with political organizations in Haiti—for example, the National Democratic Progressive Party—serve to seek return migration if political and economic conditions change on the island.

The Haitian immigration experience introduces the racial, class, and ethnic-group status dynamics of adaptation and integration. Seen as an Afro-American group, Haitians encounter language adjustments from their lingua franca of English-Creole-French. For young Haitians, this affects their educational ability; 75 percent failed exams in high school.[36] Recent studies of the Haitian community in New York City also portray a combination of documented and undocumented populations. It is estimated that two-thirds of the Haitian community are undocumented.[37] Geographically, in New York City Haitian immigrants are situated in Manhattan, Queens, and Brooklyn; within Brooklyn, communities are in Brownsville, Flatbush, and Bedford-Stuyvesant.[38]

The Haitian community represents a group tied together by their religious beliefs—both Catholicism and traditional practices—as well as social clubs. A Haitian apostolate in Brooklyn has

32. Department of Justice, *Immigration and Naturalization Statistical Yearbook*.

33. Jorge Navarette-Uribe, "Haiti's Forgotten Refugees: In Quest of Rights in Land of Immigrants," *World Press Review*, 27:25-28 (Aug. 1980).

34. Ibid.

35. Ibid.

36. Virginia Dominguez, *From Neighbor to Stranger: The Dilemma of Caribbean Peoples in the U.S.* (New Haven, CT: Yale University Antilles Research Program, 1975).

37. Guy Sansario, "Haitian Apostolate in Brooklyn," *Migration Today* pp. 16-20 (Feb. 1979).

38. Michael Languerre, "The Haitian Niche in New York City," *Migration Today*, 7(4):12-18 (Sept. 1979).

been established with specific parishes, Haitian priests, liturgists, and bible class in Creole, along with a Creole hymnbook.[39] Housing patterns reflect family networks and informational networks to secure housing. Recently, expression of the Haitian experience in the United States has manifested itself through Creole political plays with black-mulatto themes.[40] Voluntary associations are organized by the socioeconomic status of the home village. The Haitian migrants are a more rural, less educated, and less skilled population than the Dominicans.[41]

Other characteristics of the Haitian community include the youthfulness of the population and the proportion of immigrants who are female. Most of the immigrants are female. If the women are employed, they work as domestics. They enjoy better success in finding employment than their male counterparts,[42] yet their wages are quite low. Job-search efforts are conducted through kinship and friendship networks. Despite greater labor force participation, cultural barriers for women—gender roles in the household, lack of freedom, in-laws' expectations—limit their upward mobility.[43] The primary motivation for women workers is upgrading the quality of life for the family and having economic independence.

Despite limited systematic studies of the recent Haitian influx, it seems clear that Haitians have left their homeland due to the persistence of marked economic decline in Haiti and a political regime there that left little opportunity for participation in any facet of socioeconomic or political life. They represent a group frustrated by a corrupt, misguided, incompetent, and stagnant political and economic system and leadership.[44] Whether Haitians assume Ellison's trait of invisibility, their experience is that of a distinct cultural-linguistic group that contends with racism and ethnocentrism, while at the same time confronting an immigration policy that impedes legal entry into the United States. Recent Haitian emigrés enter New York City and Miami in the face of marked structural and attitudinal adversity. The process of incrementally incorporating Haitians into U.S. society fails most in the first stage of the process. It is then that questions of basic adaptation to the immigrants' newly acquired social status relative to that of other immigrant and native groups in the United States, along with differences in language and customs, serve as primary problems. Ambivalence and identity crisis sometimes accompany this adaptation process.

WEST INDIAN IMMIGRANTS: SUCCESSFUL INTEGRATION?

West Indian migration to the northeastern region began at the turn of the nineteenth century. The bulk of those immigrants were from Jamaica, Trinidad and Tobago, Guyana, and Barbados. A significant influx of West Indians came to New York City in the 1960s and more noticeably in the 1970s. For example, between 1972 and 1982, approximately 175,000 Jamaicans, 24,000 Barbadons, and 64,000 from

39. Sansario, "Haitian Apostolate in Brooklyn."

40. Languerre, "Haitian Niche in New York City."

41. Bryce-Laporte, "New York City and the New Caribbean Immigration."

42. Susan Buchanan, "Haitian Women in New York City," *Migration Today*, 7(4):19-25 (1979).

43. Ibid.

44. Bryce-Laporte, "New York City and the New Caribbean Immigration."

Trinidad and Tobago entered the United States.

For the most part, foci on the West Indian migration have centered around the immigrants' accomplishments in business, the professions, and education.[45] Of the 150,000 West Indians migrating from 1962 to 1971, 15 percent were classified as "professional, technical or kindred workers."[46] Explanations for their relative successes compared to other Caribbean migrants have come from two types of explanations. One approach emphasizes a distinctive cultural heritage that supports hard work, saving, and investment.[47] It has been argued further that their slave experience was not one of sustained "inferiority complex pressure" as was that of blacks in the United States.[48] Rather, it promoted initiative and self-confidence, with a strong emphasis on educational attainment. The other explanation treats West Indians as one of numerous waves of immigrants who see life in the United States as better than in their homeland; independence, hard work, and low-status jobs serve as ways to start up the economic ladder.[49]

These explanations certainly raise the issue of race and its role in the adaptation process. West Indians live in the black areas of New York City, and their limited earnings go into start-up costs of enterprises such as grocery stores, tailor shops, and jewelry stores. They are more aggressive than American-born blacks in their choice of business and they compete against white businesses in the ghetto.[50] The presence of rotating credit associations provides West Indian access to capital to start up businesses, while black Americans have to deal with banks and other lending institutions.[51]

Ironically, rotating credit associations and entrepreneurship among West Indians have not had the same effect in Britain as in the United States.[52] One brief explanation lies in the recency of West Indian migration into Britain and the West Indians' marked visibility as an immigrant community. The other relevant factor is the occupational background of immigrants to Britain; they are skilled workers.

The role of race and the barriers it presents in U.S. and British societies suggest that West Indians in the United States are viewed in the context of black America. In this manner, they can be seen in a favorable light and can boost their ethnic pride. Yet in Great Britain, their achievements are measured against those of the white majority. The invisibility thesis for West Indians provides a

45. Thomas Sowell, "Three Black Histories," in *American Ethnic Groups*, ed. T. Sowell and L Collins (Washington, DC: Urban Institute, 1979), Dennis Forsythe, "West Indian Radicalism in America," in *Ethnicity in the Americas*, ed Francis Henry (The Hague: Mouton, 1976), pp. 301-32.

46. Ransford W. Palmer. "Migration from the Caribbean to the United States. The Economic Status of Immigrants," in *Caribbean Immigration to the U.S.*, ed. R. Bryce-Laporte and P. Mortimer, RITES Occasional Papers no. 1. (Washington, DC: Smithsonian Institution, 1976).

47. Nathan Glazer and Daniel P. Moynihan, *Beyond the Melting Pot* (Cambridge, MA: MIT Press, 1970).

48. L. Raphael, "West Indian and Afro-Americans," *Freedomways*, 4:438-45 (1964).

49 Bryce-Laporte, "New York City and the [illegible] Caribbean Immigration."

50 Ivan Light, *Ethnic Enterprise in America. Business and Welfare among Chinese, Japanese, and Blacks* (Berkeley, CA: University of California Press, 1972).

51. Nancy Foner, "West Indians in New York City and London: A Comparative Analysis," *International Migration Review*, 13(2):284-313 (1979).

52. Stuart Philpott, *West Indian Migration: The Montserrat Case* (New York Humanities [illegible]

basis for upward mobility and comparison with black Americans' status.[53]

The type of immigrant experience that the West Indians have had has been a long-standing one in the United States. The West Indians' cultural heritage works like a native society with black majorities and diverse occupational backgrounds accompanied by self-confidence and ambition to succeed. In this manner, immigrant status assists their adaptive process by comparing the status and conditions with those in the old country and by being willing to sacrifice to advance themselves.

Despite the seemingly successful mobility of West Indian migrants, it has been noted that the income and socioeconomic gains of West Indians are lower than those of white ethnics.[54] Bryce-Laporte places West Indian adaptation in the context of expecting greater gains, given their ambition, Protestant ethic, and acculturation, but he points to the power of American racism.[55] Limited gains for West Indian migrants as well as other Caribbean groups are due to the economic development of capitalism in the 1970s and later. A fluctuating economy, decline of older, industrial cities, and movement away from manufacturing sectors have given the newer waves of migrants a less promising economic future. Structural conditions have changed particularly for Caribbean migrants moving to the already established destination points of the Northeast.

One final matter relating to West Indian migrants concerns a nonurban segment: migrant farm workers. Foreign workers have long been utilized to harvest crops in the United States. A study by Foner and Napoli of Jamaican contract workers in the Hudson valley region of New York State looks at the workers' behavior and job motivation relative to American blacks.[56] In this study, job efficiency, productivity, and off-field behavior—gambling, excessive drinking, and so forth—were examined. Jamaican workers had higher productivity levels, particularly if the pay rate was based on piece work.[57] Part of the savings practice was due to contract stipulations of pay deducted and deposited in Jamaican bank accounts. The major factor accounting for different behavior was attributed to the perception among Jamaican workers of high wages to be earned in the United States relative to wages in Jamaica. They were more willing to endure the conditions of farm labor camps to try to save as much as possible. Work was part of a sojourner experience as a way to take advantage of mobility opportunities. Again, the perspective of Jamaicans, in a rural, agricultural setting, serves as a key distinction in the behavior and orientations in the U.S. labor market. This study reinforces the industriousness and motivation behind mobility goals among Jamaicans that come from the immigrant-group perspective. At the same time, the preference for foreign workers in labor-intensive jobs does serve to depress wages, allow poor working conditions, and curtail unionization in the agricultural sector.

53 Roy Simon Bryce-Laporte, "'Illegal' Caribbean Immigrants Some Foreign Policy Implications for the United States" (Manuscript, RITES, Smithsonian Institution, 1978).

54. Bryce-Laporte, "Black Immigrants."

55. Bryce-Laporte, "'Illegal' Caribbean Immigrants"; idem, "Black Immigrants."

56. Foner and Napoli, "Jamaican and Black Migrant Farm Workers."

57. Ibid.

CARIBBEAN MIGRANTS: LEVELS OF INCORPORATION

The central thrust of this article has been to examine the incorporation process of Caribbean immigrants into the United States. We have tried to develop some conceptualization of the incorporation process and have described three stages of the process: adaptation, integration, and absorption. This process was related to the patterns and experiences of Dominican, Haitian, and West Indian migrants. The adaptation behavior of these groups varies due to language, extent of undocumented migration, socioeconomic characteristics of the migrants, and points of destination. Structurally, these Caribbean migrants serve as a significant labor supply to the service and manufacturing sectors of the Northeast; opportunities and conditions are viewed as better there than in the homeland. Return migration is evident among the groups, especially among Dominicans; economic betterment serves as the primary motivation to move. Structural and economic dependence of Caribbean nations on the United States make these migrants available and prime recruits for U.S. labor markets.

Despite the economic link, Caribbean migrants have been able to adapt through geographical concentration in the Northeast and Southeast; they are residentially proximate to U.S. racial or ethnic groups. West Indians and Haitians locate their residences in the black areas of cities, and Dominicans are proximate to other Hispanic groups, particularly Puerto Ricans. The theme of Ellison invisibility comes into play as upward mobility can be relative to racial or ethnic groups already established in the United States. At the same time, racial or cultural similarity does not dispel immigrant status among Caribbeans, as indigenous organizations, cultural maintenance, and strong ties with the homeland such as family ties, return visits, and political developments remain. This aspect does suggest that the integrative stage for Caribbeans has been the formation of collectivities to make contact with majority institutions and to cope with life in the United States. The advocate role of communal organizations is mostly a recent development. In the case of Haitians, encountering the issues of legal status and seeking political refugee designation serve as a necessary prerequisite to moving through the incorporation process.

Movement through the incorporation process has been a slow one for Caribbean migrants. Physical and cultural traits have separated them from other immigrants; yet similarities to black and Hispanic populations allow for some degree of invisibility. Clearly, a complete lack of differentiation between the behavior of migrants and that of so-called native populations with regard to major spheres of activity does not exist. Our current knowledge base, still limited, on Caribbean migrants suggests that very limited absorption—or some negative absorption, which is discrimination—is still more the case. It might be expected that toward the end of the decade the transition of immigrant-group status to minority-group status will result. This transition would include Caribbeans as a collectivity, more second-generation members, persistence of ethnic identity, and objective disadvantages to being Dominican, Haitian, or West Indian. With these conditions, activity in the integration and absorption stages will increase, yet successful results with the U.S. host society are not that certain.

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Cubans in the United States

By LISANDRO PÉREZ

ABSTRACT: Although the bulk of the Cuban-origin population immigrated within the past 25 years, the Cuban presence in this country has a long history. In the nineteenth century, important Cuban communities existed in Tampa, Key West, and New York. The post-1959 Cuban immigrants have concentrated in the Miami area. In comparison with other major U.S. Hispanic groups, the sociodemographic profile of the Cubans is fairly unique: a large proportion of middle-aged and elderly persons, a female majority, low fertility, and relatively high socioeconomic status. The latter has been explained by a combination of factors: (1) the socioeconomic selectivity of postrevolutionary Cuban emigration; (2) high rates of female labor force participation; and (3) the presence of a strong ethnic enclave. While strong forces have favored retention of Cuban cultural traits, there are intergenerational differences in the degree of acculturation to U.S. society.

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IT is estimated that close to 1 million residents of the United States are of Cuban origin. The last reliable count, taken by the U.S. Bureau of the Census in 1980, found a total of 803,226 persons who identified themselves as being of Cuban "origin or descent."[1] Shortly after the census, from April to September of 1980, some 125,000 Cubans arrived through the Mariel boatlift.

A sizable Cuban presence in this country is a relatively recent phenomenon, a product of the revolution that transformed Cuban society after 1959. Prior to that year, not more than 70,000 Cuban-born persons lived in the United States. The Cuban community here is therefore largely composed of immigrants: close to 700,000 persons currently living in the United States were born in Cuba, a figure equivalent to nearly three-fourths of the Cuban-origin population.

Nevertheless, the volume of Cuban immigration during the last couple of decades should not lead to the perception that the history of the Cuban presence in the United States starts in 1959. That history, in fact, precedes the establishment of the Cuban nation.

THE CUBAN PRESENCE IN THE UNITED STATES PRIOR TO 1959

Cuban immigration has always been linked to major political events and economic conditions on the island. Long before the U.S. intervention that in 1899 ended Spanish rule on the island, the powerful northern neighbor exercised considerable influence in Cuba's political and economic affairs, an inevitable corollary of a geographic reality. As that influence grew during the nineteenth and twentieth centuries, the United States increasingly became the principal destination of Cuba's emigrants, many of whom were prominent figures in Cuba's intellectual, political, and financial circles.[2]

As can be observed in Table 1, the flow from Cuba was relatively small prior to 1885. In the five-year period after that date, however, the level of immigration more than tripled. It was in 1886 that the first cigar factories opened near Tampa. After a decline from 1891 to 1895, Cuban immigration reached new highs between 1896 and 1910, the period corresponding to the Spanish-Cuban-American war, the first U.S. administration of Cuba, the first Cuban government, and the second U.S. administration of the island. It was a period characterized, successively, by strife and turmoil, direct U.S. influence, and political and economic instability and uncertainties. It was also during this period that the cigar making industry of Tampa was at its height, attracting a consider-

1. U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population, General Population Characteristics: United States Summary* (Washington, DC: Government Printing Office, 1983), p. 21.

2. The best sources on the establishment and sociopolitical life of nineteeth-century Cuban communities in the United States are: Jose Rivero Muñiz, "Los cubanos de Tampa" [The Cubans of Tampa], *Revista bimestre cubana*, 74:5-140 (Jan.-June 1958); L. Glenn Westfall, "Don Vicente Martínez Ybor, the Man and His Empire: Development of the Clear Havana Industry in Cuba and Florida in the Nineteenth Century" (Ph.D. diss., University of Florida, 1977); Durward Long, "The Historical Beginnings of Ybor City and Modern Tampa," *Florida Historical Quarterly*, 45(1):31-44 (July 1966); Louis A. Perez, Jr., "Cubans in Tampa. From Exiles to Immigrants, 1892-1901," *Florida Historical Quarterly*, 57(2):129-40 (Oct. 1978); Gerald E. Poyo, "Cuban Emigré Communities in the United States and the Independence of their Homeland, 1852-1895" (Ph.D. diss., University of Florida, 1983).

TABLE 1
NUMBER OF CUBANS ADMITTED INTO THE UNITED STATES AS IMMIGRANTS, 1871-1958

Fiscal Year Ending 30 June	Number of Cuban Immigrants	Annual Average
All years, 1871-1958	221,505	2,517
1871-75	4,607	921
1876-80	3,614	723
1881-85	5,501	1,100
1886-90	16,027	3,205
1891-95	9,994	1,999
1896-1900	15,559	3,112
1901-05	19,059	3,812
1906-10	21,100	4,220
1911-15	17,109	3,422
1916-20	10,728	2,146
1921-25	5,892	1,178
1926-30	9,716	1,943
1931-35	1,979	396
1936-40	2,143	429
1941-45	4,644	929
1946-50	10,807	2,161
1951-55	22,759	4,552
1956-58	40,267	13,422

SOURCES Compiled and computed from data in U.S., Bureau of Statistics, *Immigration into the United States, Showing Number, Nationality, Sex, Age, Occupation, Destination, etc , from 1820 to 1903* (Washington, DC· Department of the Treasury, n d), p. 4351; U S , Congress, Senate, *Reports of the Immigration Commission: Statistical Review of Immigration 1820-1910,* 61st Cong , 3d sess., document no 756 (Washington, DC: Government Printing Office, 1911), pp 90-91, Commissioner-General of Immigration, *Annual Report* (Washington, DC Government Office, annual eds. for each fiscal year from 1908 to 1932), U S , Department of Justice, Immigration and Naturalization Service, "Annual Report," mimeographed, annual eds. for each fiscal year from 1942 to 1958 From 1871 to 1950, the figures are for admitted immigrant aliens of "Cuban race or people " From 1951 to 1958 they refer to Cuban-born immigrant aliens

able number of cigar workers from the island.

Cuban immigration remained fairly high in the years from 1911 to 1915, but decreased noticeably during the following quinquennium. After 1918 and until the end of World War II, annual immigration from Cuba would not reach 3000 again. This period corresponds to the decline of the Tampa cigar industry, the relatively high prosperity in Cuba during the 1920s, the Great Depression, which was the period of lowest immigration, and World War II. The postwar period saw a resurgence of Cuban immigration, a trend that intensified in the mid- to late 1950s as many Cubans apparently fled the dictatorship of Fulgencio Batista.

In summary, the Cuban presence in the United States has a long history. The postrevolutionary exodus, while differing in many ways from previous Cuban migrations to the United States, was nevertheless traveling a well-worn path, following what Poyo has called the "Cuban émigré tradition of moving north."[3]

3. Gerald E. Poyo, "Cuban Communities in the United States: Toward an Overview of the 19th Century Experience," in *Cubans in the United States,* ed. M. Uriarte-Gaston and J. Cañas Mar-

REVOLUTION AND EMIGRATION

The nature and scope of the changes instituted by the revolutionary government that rose to power in 1959 alienated a sizable proportion of the Cuban population, creating the conditions for an exodus that has spanned more than two decades. The emigration process has traditionally been viewed as a class phenomenon, involving a successive peeling-off, starting at the top, of the layers of the prerevolutionary class structure.

While the socioeconomic selectivity of Cuban emigration has frequently been overstated, it is undoubtedly true that during the early 1960s Cuba's upper socioeconomic sectors, those most likely to be alienated by Cuba's swift transformation into a socialist state, were overrepresented in the exodus. It has been estimated that among Cubans arriving in this country from 1960 to 1962, up to 37 percent of household heads were proprietors, managers, or professionals. In the 1953 Cuban census, less than 10 percent of the labor force was classified in those categories. Among the 1960-62 Cuban immigrants, 12.5 percent had completed four or more years of college, a level attained by scarcely 1 percent of the Cuban population as a whole in 1953.[4]

By the early 1970s, the exodus of the upper sector was essentially complete, and the migration flow included progressively greater representation from somewhat lower socioeconomic levels of Cuban society.[5] To some extent, the Mariel entrants of 1980 represented a visible culmination of that trend, although recent research has proved erroneous the initial perception that those entrants were disproportionately drawn from Cuba's lowest socioeconomic sectors.[6]

TRENDS IN CUBAN IMMIGRATION SINCE 1959

Table 2 contains the annual figures on Cuban immigration from 1959 to 1983. The data show a somewhat cyclical pattern that primarily reflects the availability of the means to leave Cuba. Until the missile crisis of October 1962—and despite the severing of diplomatic relations in January 1961—there was regular commercial air traffic between the United States and Cuba. During that period, some 200,000 persons left Cuba. The U.S. government facilitated their entry by granting them refugee status, allowing them to enter without the restrictions imposed on most other nationality groups. This favored treatment continued until after the termination of the 1980 boatlift.

The missile crisis ended all contact between the two countries, slowing down considerably the pace of Cuban immigration in 1964 and 1965. Persons leaving Cuba during those years were doing so clandestinely, often in small boats, or

tínez (Boston: Center for the Study of the Cuban Community, 1984), pp. 44-45.

4. Richard R. Fagen, Richard A. Brody, and Thomas J. O'Leary, *Cubans in Exile: Disaffection and the Revolution* (Stanford, CA: Stanford University Press, 1968), p. 19.

5. Alejandro Portes, Juan M. Clark, and Robert L. Bach, "The New Wave: A Statistical Profile of Recent Cuban Exiles to the U.S.," *Cuban Studies/Estudios Cubanos*, 7(1):16 (Jan. 1977).

6. Robert L. Bach, "The New Cuban Immigrants: Their Background and Prospects," *Monthly Labor Review*, 103(10):40 (Oct. 1980); Alejandro Portes, Juan M. Clark, and Robert D. Manning, "After Mariel: A Survey of the Resettlement Experiences of 1980 Cuban Refugees in Miami," *Cuban Studies/Estudios Cubanos*, 15(2):47 (Summer 1985).

through third countries, usually Spain or Mexico. In the fall of 1965, in a move that responded to internal pressures for emigration and that was to be repeated 15 years later, the Cuban government opened a port and allowed persons from the United States to go to Cuba to pick up those relatives who wanted to leave the country. Some 5000 Cubans left from the port of Camarioca before the United States and Cuba halted the boatlift and agreed to an orderly airlift.

The airlift, also called the freedom flights, started in December 1965 and lasted until 1973. The twice-daily flights brought 260,500 persons during those years. The termination of the airlift brought another period, during the mid- to late 1970s, of relatively low migration from Cuba, as can be seen in Table 2. By 1980, however, the pressures for emigration once again caused the Cuban government to open a port for unrestricted emigration. The port was Mariel, giving the name to the boatlift that lasted for six months and that brought, in a manner uncontrolled by the United States, more than 125,000 Cubans.

The end of the boatlift and the onset of restrictions on Cuban immigration have brought about the current lull in the exodus. We are now, therefore, in the remission phase of the historical cycle, but pressures for emigration still exist. Fidel Castro, in December 1980, said that "Mariel has not been resolved, it has simply been suspended."[7]

CHARACTERISTICS OF THE CUBAN-ORIGIN POPULATION OF THE UNITED STATES

The 1980 U.S. census produced an unprecedented data set on the population that identified itself as being of "Cuban origin or descent." Although it does not include the Mariel entrants, who arrived after the date of the enumeration, that data set nevertheless represents the first fairly comprehensive picture of the characteristics of U.S. Cubans.[8]

Residence and geographic distribution

The Cuban-origin population of the United States surpasses the total U.S. population, as well as every other major Hispanic group, in the proportion that resides in metropolitan areas. Slightly more than 97 percent of all U.S. Cubans live in standard metropolitan statistical areas.

Not only are they likely to live in metropolitan areas, but they have also tended to concentrate in only a few U.S. urban areas. The Miami-Ft. Lauderdale region of southeast Florida accounts for slightly more than 52 percent of the entire Cuban-origin population of the United States. Two other fairly large concentrations of Cubans are found in Greater New York and Greater Los Angeles. Altogether, those three metropolitan centers contain more than three-fourths of the Cuban-origin population.

Over the past decade, the trend has been toward a greater concentration of Cubans in the South Florida area. This contrasts with the situation among Mexicans and Puerto Ricans, who from 1970 to 1980 exhibited a tendency to disperse

7. Fidel Castro, "Informe central al Segundo Congreso" [Report to the Second Congress], *Bohemia*, 72(52) 66 (26 Dec 1980).

8. Unless otherwise noted, all of the data from the 1980 U.S. census used in this section were compiled from the following sources. U.S., Department of Commerce, Bureau of the Census, *1980 Census of Population, General Population Characteristics, United States Summary* (Washington, DC Government Printing Office, 1983); idem, *1980 Census of Population, General Social and Economic Characteristics, United States Summary* (Washington, DC: Government Printing Office, 1983).

TABLE 2
CUBANS ARRIVING IN THE UNITED STATES, 1959-83

Year	Number
1959 (1 January-30 June)	26,527
Year ending 30 June	
1960	60,224
1961	49,961
1962	78,611
1963	42,929
1964	15,616
1965	16,447
1966	46,688
1967	52,147
1968	55,945
1969	52,625
1970	49,545
1971	50,001
1972	23,977
1973	12,579
1974	13,670
1975	8,488
1976	4,515
Year ending 30 September	
1977	4,548
1978	4,108
1979	2,644
1980	122,061
1981	4,966
1982	2,805
1983	3,446
Total, 1 January 1959-30 September 1983	805,073

SOURCES U S., Department of Justice, Immigration and Naturalization Service, "Cubans Arrived in the United States, by Class of Admission. January 1, 1959-September 30, 1980," mimeographed, Oct. 1980; idem, personal communication, 11 Mar. 1981; idem, "Annual Report," issues corresponding to the years 1981, 1982, and 1983.

from their traditional areas of concentration within the United States.

The concentration in Florida was noted as early as 1972 by Prohías and Casal when they cited evidence that, despite the initial dispersion brought about by the Cuban Refugee Resettlement Program, a "trickle-back" to Miami was taking place.[9] With the purpose of easing the pressure of Cuban immigration on Miami, the program scattered some 300,000 Cubans throughout the United States in the period from 1961 to 1978. The bulk of the resettlements took place during the early years of the airlift in the 1960s.[10] The 1980 data show that the communities that received large numbers of resettled Cubans are precisely the communities that have recently been losing a large number of Cubans to Florida.

Age and sex composition

The Cuban-origin population of the United States exhibits two demographic

9. Rafael J. Prohías and Lourdes Casal, "The Cuban Minority in the U.S. Preliminary Report on Need Identification and Program Evaluation," mimeographed (Boca Raton: Florida Atlantic University, 1973), p. 110.

10. Cuban Refugee Program, "Fact Sheet,"

characteristics not usually found in groups of recent immigrants: (1) a high proportion of elderly persons; and (2) a numerical predominance of females.

Table 3 shows the somewhat distinctive nature of the age and sex composition of the Cuban-origin population. In comparison with the total U.S., Mexican, and Puerto Rican populations, the Cubans exhibit the highest proportions of both the elderly and middle-aged and the lowest proportion of children.

Typical of relatively old populations, the sex ratio—the number of males per 100 females—for the Cubans is the lowest of all the sex ratios for populations in Table 3. The elderly, however, are not totally responsible for the low sex ratio. As can also be observed in the table, Cubans between 25 and 39 years of age exhibit an inordinately low sex ratio.

These age and sex characteristics are understandable only in the context of the conditions of Cuban emigration. Except for the periods of open emigration during the boatlifts, the Cuban government has largely prohibited the emigration of males of military age. This restriction had a special impact on the profile of the airlift arrivals. It caused the underrepresentation and low sex ratio of the cohort that in 1980 was 25 to 39 years of age. In contrast, persons over 30 years old were overrepresented in the immigration of the 1960s and 1970s, resulting in the current abundance of persons over 40 years of age. The elderly in particular were probably the age group most alienated by the sweeping changes introduced by the Cuban revolution. Because this age group was a largely dependent population, the Cuban government favored its departure, especially during the airlift.

The low proportion of children is the result of very low levels of fertility, as is evident in the last row of Table 3. This low level of reproduction is consistent with the value placed by Cuban immigrants on upward social mobility.

Household characteristics

The most salient household characteristic of the Cuban population of the United States is the importance of the three-generation family. A relatively large proportion of the many elderly immigrants live with their children, as is apparent from the figures in Table 4. In comparison with the other populations, a much larger proportion of the Cuban elderly was classified as "other relatives" of the household head. Furthermore, older Cubans are least likely to establish households on their own or to be inmates of institutions, including nursing homes.

Educational characteristics

Cubans tend to exhibit a certain polarization in their educational characteristics, with relatively high proportions at each end of the range of educational attainment. The percentage that have completed four or more years of college is the same as the corresponding figure for the total U.S. population and well above other Hispanic groups. On the other hand, the percentage of all adult Cubans with only eight years or less of schooling is well above the U.S. figure and comparable to the levels of the Mexican and Puerto Rican populations. The traditional socioeconomic selectivity of Cuban emigration, combined with the high proportion of young Cubans that have attended universities in this country, has produced a fairly high proportion of college graduates. A

mimeographed (Miami, FL: Department of Health, Education and Welfare, 1978), p. 1

TABLE 3
SELECTED DEMOGRAPHIC CHARACTERISTICS OF THE CUBAN, MEXICAN, PUERTO RICAN, AND TOTAL U.S. POPULATIONS, 1980

Characteristics	Cuban	Mexican	Puerto Rican	Total U.S.
Median age (years)	37.7	21.9	22.3	30.0
Percentage under 15 years of age	16.1	34.5	33.7	22.6
Percentage 40-59 years of age	30.0	14.4	15.6	20.4
Percentage 65 years of age and over	12.1	4 2	4.9	11.3
Sex ratio*	90.8	103.4	95.2	94.5
Sex ratio* of the population 25-39 years of age	82.3	106.4	89.3	97.8
Number of children ever born to every 1000 women 35-44 years of age	2,033	3,646	3,202	2,639†

SOURCES. Compiled and computed from data in U S., Department of Commerce, Bureau of the Census, *1980 Census of Population, General Population Characteristics, United States Summary* (Washington, DC. Government Printing Office, 1983), p. 51; and idem, *1980 Census of Population, General Social and Economic Characteristics, United States Summary* (Washington, DC. Government Printing Office, 1983), p. 163.
*Number of males per 100 females.
†The figure for the total white metropolitan population of the United States was 2465.

TABLE 4
HOUSEHOLD RELATIONSHIP OF PERSONS 65 YEARS OF AGE AND OVER IN THE CUBAN, MEXICAN, PUERTO RICAN, AND TOTAL U.S. POPULATIONS, 1980 (Percentage)

Persons 65 and Over Classified as:	Cuban	Mexican	Puerto Rican	Total U.S.
Householders*	48.4	60.4	59.1	63.1
"Other relatives" of the householder†	30.7	16 7	20 2	8.9
Residents of group quarters, including inmates of institutions	1.3	3.5	2.8	5.9

SOURCES: Compiled and computed from data in Bureau of the Census, *1980 Census of Population, General Population Characteristics*, p. 51
*Term first used in the 1980 census as the egalitarian replacement for the previously used "head of household."
†Other relatives, besides spouse, of the householder.

population with a sizable number of older persons—especially if they are migrants from a developing country—can also be expected to have many persons who did not attend school beyond the elementary grades.

ECONOMIC ADJUSTMENT

There is a widespread perception that Cubans are one of the most economically successful U.S. immigrant groups. While it has been greatly exaggerated,

the Cuban success story has some basis in fact. In Table 5, the median family income of Cubans is compared with the income of all U.S. and Spanish-origin families. The figure for Cubans is closer to that of all U.S. families than it is to the family income of all Hispanic families. This same relative standing is found with the other measures of income listed in the table.

Largely because of its theoretical implications for the study of immigrant adjustment, there has been considerable research into the determinants of the Cubans' relative economic success. The issue has been explored at three analytical levels: individual, family, and community.

The literature on the economic adjustment of Cubans has traditionally favored individual-level explanations. Based on human-capital theory or on status-attainment models, this perspective emphasizes the socioeconomic selectivity of Cuban emigration. The migration flow from the island, because it originated with a process of socialist transformation, has been disproportionately composed of individuals who possess a complex of skills, aspirations, and experiences that has given them a relative advantage over most other U.S. immigrant groups in the process of economic adjustment.[11]

Support for a family-level approach to the study of economic adjustment can be found in the data presented in Table 6. They show that the relatively high family income of Cubans is not primarily the result of high individual income, but of a comparatively large number of workers per family. When figures on personal income are examined (first row of the table), the income of Cubans is much closer to that of the Spanish-origin population than to that of the total U.S. population. The relative success of Cubans is also not apparent among families with only one worker. The key lies in the high proportion of Cuban families with two or more workers. Women apparently play a crucial role in raising family income: their labor force participation rate, as shown in Table 6, is even higher than the rate for the adult female population of the United States.

A community-level approach to the study of Cuban economic adjustment has been developed in recent years by Alejandro Portes and his associates.[12] Survey data comparing Mexican and Cuban immigrants showed that differences between the two groups could only be explained by the presence of a true ethnic enclave among Cubans. In contrast to Mexican immigrants, who

11. For examples of this approach, see George J. Borjas, "The Earnings of Male Hispanic Immigrants in the United States," *Industrial and Labor Relations Review*, 35(3) 343-53 (Apr. 1982); Morris J. Newman, "A Profile of Hispanics in the U.S. Work Force," *Monthly Labor Review*, 101(12) 3-14 (Dec. 1978); Alejandro Portes, "Dilemmas of a Golden Exile. Integration of Cuban Refugee Families in Milwaukee," *American Sociological Review*, 34:505-18 (Aug. 1969), Eleanor Meyer Rogg, *The Assimilation of Cuban Exiles. The Role of Community and Class* (New York: Aberdeen Press, 1974).

12. Alejandro Portes and Robert L. Bach, "Immigrant Earnings: Cuban and Mexican Immigrants in the United States," *International Migration Review*, 14:315-41; Alejandro Portes and Robert L. Bach, *Latin Journey: Cuban and Mexican Immigrants in the United States* (Berkeley University of California Press, 1985); Kenneth L. Wilson and Alejandro Portes, "Immigrant Enclaves: An Analysis of the Labor Market Experiences of Cubans in Miami," *American Journal of Sociology*, 86:295-319 (Sept. 1980); Kenneth L. Wilson and W. Allen Martin, "Ethnic Enclaves: A Comparison of the Cuban and Black Economies in Miami," *American Journal of Sociology*, 88:135-60 (July 1982).

TABLE 5
INCOME CHARACTERISTICS OF CUBAN, SPANISH-ORIGIN, AND U.S. FAMILIES, 1979

	Cuban	Spanish-origin	U.S.
Median family income	$18,245	$14,712	$19,917
Percentage of all families below the poverty level	11 7	21 3	9.6
Percentage of all families above 125 percent of the poverty level	83.8	71 7	86.6
Percentage of all families with annual incomes of $50,000 and above	5.2	2.3	5 6

SOURCE · Compiled and computed from data in Bureau of the Census, *1980 Census of Population, General Social and Economic Characteristics*, pp. 167-68.

TABLE 6
INCOME AND EMPLOYMENT-RELATED CHARACTERISTICS OF INDIVIDUALS AND FAMILIES IN THE CUBAN, SPANISH-ORIGIN, AND TOTAL U.S. POPULATIONS, 1980

Characteristic	Cuban	Spanish-origin	Total U.S.
Median income of males 15 years of age and above employed full-time year-round	$14,168	$12,970	$17,363
Median income of families with only one worker	$12,629	$11,153	$16,181
Percentage of all families with two workers	42.5	38 5	41 7
Percentage of all families with three or more workers	18 6	13 9	12.5
Percentage of all females 16 years of age and above in the labor force	55.4	49 3	49 9

SOURCE Compiled and computed from data in Bureau of the Census, *1980 Census of Population, General Social and Economic Characteristics*, p 167

must join the open labor market in peripheral sectors of the economy throughout the country, recent Cuban immigrants enter the U. S. market primarily through the large number of enterprises in South Florida that are owned and operated by other Cubans who arrived earlier. The enclave insulates the immigrant from the usual processes of the segmented labor market, providing informal networks of support that facilitate the learning of new skills and the overall process of economic adjustment.

The three analytical levels in the study of Cuban economic adjustment are clearly complementary and together they provide a comprehensive framework for an understanding of the relative success of that adjustment. Much research remains to be done on the interrelationships between the three, especially in clarifying the importance of the socioeconomic selectivity of the

emigration in creating the enclave, as well as the role of the enclave in facilitating female labor force participation.

ACCULTURATION AND ASSIMILATION

There is every indication that among U.S. Cubans there is a high degree of retention of the culture of their home country. Rogg and Cooney, for example, found that while some acculturation has taken place, the bulk of their respondents could still be categorized as "mostly Cuban" on a scale of cultural assimilation.[13] They also found that a majority were "below average" in their ability to speak English, a finding supported by a later survey that found that most Cubans use only Spanish at home and in many of their daily activities.[14]

The retention of Cuban cultural patterns is not surprising. The overwhelming majority of U.S. Cubans are immigrants, with an overrepresentation of the middle-aged and elderly. The creation of an institutionally complete enclave in South Florida has also no doubt served to retard the processes of acculturation and assimilation. Another factor, especially important in the early stages of the exodus, is the perception many Cubans have of themselves as reluctant migrants, compelled to leave their country, but with the expectation of returning and consequently with little desire or motivation to assimilate into this society. It is also important to keep in mind that there have been periodic waves of massive arrivals from Cuba, the largest and most recent being the Mariel boatlift. The new arrivals are fresh from the culture of origin and undoubtedly serve to renew and reinforce that culture in the immigrant community.

Despite these strong forces favoring cultural retention, it is unlikely that the Cuban community in the United States will escape the usual intergenerational shift toward greater acculturation and assimilation. English is probably the principal language among Cubans who have lived all or most of their lives in the United States. There is also evidence that among younger Cubans the incidence of exogamy is relatively high.[15]

CONCLUSION

Based on what has been presented, the following are the trends that are likely to have far-reaching implications for the future development of the Cuban community in the United States. In the next two to three decades the large cohort that is now middle-aged will swell the ranks of the elderly. If history is any guide, there is a strong likelihood that there will be a renewal of Cuban immigration on a large scale. Although ethnic enclaves eventually disappear, the Cuban enclave in Miami has not yet peaked, and the continuing concentration of Cubans there ensures its vi-

13. Eleanor Meyer Rogg and Rosemary Santana Cooney, *Adaptation and Adjustment of Cubans West New York, New Jersey* (New York: Fordham University Hispanic Research Center, 1980), p 49

14 Ibid ; Guarione M Díaz, ed., "Evaluation and Identification of Policy Issues in the Cuban Community," mimeographed (Miami, FL: Cuban National Planning Council, 1980), pp. 48-50.

15 Joseph P. Fitzpatrick and Douglas T. Gurak, *Hispanic Intermarriage in New York City: 1975* (New York: Fordham University Hispanic Research Center, 1979), p. 25; Thomas D. Boswell and James R. Curtis, *The Cuban-American Experience: Culture, Images and Perspectives* (Totowa, NJ: Rowman & Allanheld, 1983), p. 183. High rates of exogamy may also be partly attributed to the extraordinarily low sex ratio in the cohort that in the 1970s was in the prime marriage ages.

ability during the foreseeable future. Finally, the enclave will play an even greater role than in the past in the economic adjustment and the rate of acculturation among new arrivals.

ANNALS, *AAPSS*, **487**, September 1986

Coping with America: Refugees from Vietnam, Cambodia,and Laos in the 1970s and 1980s

By GAIL P. KELLY

ABSTRACT: This article focuses on the refugees from former French Indochina—who they are, where they have resettled in the United States, and their integration into the American work force. Most of the data reported here are on the Vietnamese, who are by far the largest number of refugees from Indochina in the United States. Vietnamese entering the country were, for the most part, well educated, young, and accompanied by their families. Initially they were scattered through the country by U.S. voluntary agencies that took responsibility for resettlement. Since initial resettlement, there has been considerable secondary migration within the United States that has resulted in the formation of refugee communities. In the United States, Vietnamese have experienced considerable occupational and social downward mobility. They have entered the American work force at rates comparable to native-born Americans. However, they have taken jobs that pay at best the minimum wage, and, while employment rates are high, they remain dependent on the American welfare system for survival.

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IN April 1975, the United States-backed government of South Vietnam collapsed. In that year, approximately 130,000 refugees from Vietnam and, to a lesser extent, Cambodia and Laos, found their way to the United States. By March 1980, 350,000 Vietnamese—a number of whom were ethnic Chinese—35,000 Laos, 30,000 Lao minorities, including the Hmong, and 20,000 Cambodians gained entry to the United States. In late 1981 the number of refugees from these three countries, which had comprised former French Indochina, reached 560,333.[1] After 1981 the refugee flow into the United States slowed considerably as the U.S. government restricted entry to those whose next of kin were already in the country.

The refugees from Vietnam, Laos, and Cambodia came in three waves.[2] Those who arrived in 1975 were part of an American-sponsored evacuation and came from their home country directly to refugee camps on the U.S. mainland. This first wave was predominantly Vietnamese. Between 1975 and 1977 approximately 1800 additional refugees arrived per month. This second wave consisted of boat people and overland refugees who spent considerable and often harrowing time in refugee camps in Thailand, Malaysia, Singapore, Hong Kong, and other parts of Southeast Asia. They were not part of a U.S. evacuation; rather they left, in the case of the Vietnamese, out of opposition to the new government's economic and rural resettlement programs. The third wave of refugees began in 1978 and was marked by the expulsion of ethnic Chinese from Vietnam. Between 1975 and 1980, Cambodians, Laos, and Lao minorities came to the United States. The Cambodian refugees were a result of that country's disastrous civil war and famine as well as the Vietnamese occupation. Lao minorities sought refuge in the United States as the new Lao government sought to consolidate its control over ethnic minorities who had fought earlier for the U.S. Central Intelligence Agency. All together the United States admitted only a fraction of the refugees from war and famine in Vietnam, Laos, and Cambodia. Close to 1 million refugees remain in camps throughout Southeast Asia.[3]

This article focuses on the refugees who entered the United States as a result of American involvement in the war in Cambodia, Laos, and Vietnam. For the most part, the emphasis is on the Vietnamese, although some reference is made to other refugees the U.S. government calls Indochinese. I will begin by surveying the policy that framed which refugees could enter the United States at which time. I will then describe the social and economic background of the refugee population that reached the United States. Finally, I will discuss refugee resettlement patterns, the refu-

1. For statistics on the refugees, see Gail P. Kelly, *From Vietnam to America: A Chronicle of the Vietnamese Immigration to the United States* (Boulder, CO: Westview Press, 1977), chap 2, Wever Gim and Tybel Litwin, *Indochinese Refugees in America: Profiles of Five Communities—A Case Study* (Washington, DC: Department of State, 1980), p. 3; U.S., General Accounting Office, *Greater Emphasis on Early Employment and Better Monitoring Needed in Indochinese Refugee Resettlement Program* (Washington, DC: General Accounting Office, 1983), p. 1.

2. For a description of the three waves, see Scott C.S. Stone and John E. McGowan, *Wrapped in the Wind's Shawl: Refugees in Southeast Asia and the Western World* (San Rafael, CA: Presidio Press, 1980).

3. Ibid.; see also Tricia Knoll, *Becoming Americans: Asian Sojourners, Immigrants and Refugees in the Western United States* (Portland, OR: Coast to Coast Books, 1982).

gees' economic status in the United States, and their adjustment to American society.

The analysis that follows is based on fragmentary data. The U.S. government has consistently tried to make refugees from Vietnam a nonissue. This has been the case especially in the recession that swelled American unemployment in the late 1970s and the 1980s. The Indochina Refugee Task Force and the Interagency Task Force, which superintended initial resettlement efforts and refugee assistance programs, went out of existence with the Reagan administration. As the federal government sought to get itself out of the refugee business, statistics on family income, on residence, and on welfare services for the United States as a whole became scarce. Several states have kept statistics, but not on a continuous basis since 1980. As a result, any discussion of the adjustment of Vietnamese or other refugees to this country necessarily is based on individual community and state reportage, which is less than comprehensive.

U.S. POLICY

Since World War II, there has been no single policy guiding the entry of refugees into the United States; rather, policy toward their admission and resettlement has been ad hoc. Little regularity exists in policies and practices in regard to the Hungarians of the 1950s, the Cubans of the 1960s, or the Vietnamese and other nationalities from former French Indochina of the 1970s and 1980s.[4]

The Vietnamese who arrived in the United States before 1980 were admitted as parolees. While they could work in the country, they and their children were ineligible for American citizenship until such time as they could obtain entry as resident aliens. Resident-alien status was conferred to a limited number of individuals yearly, based on their skill levels and occupations. Most Vietnamese, given their occupational backgrounds, would in all likelihood, under normal conditions, have been denied entry.

Between 1975 and 1979 the U.S. attorney general issued 10 separate authorizations allowing Vietnamese admission to the United States as parolees. Initially, these authorizations for Vietnamese to enter gave priority to dependents and relations of American citizens or resident aliens already in the country, followed by employees of American government and private businesses. Of lowest priority were individuals fleeing a Communist government or civil war.[5] In 1976 and 1977 the United States denied entry to individuals from Vietnam except for the purposes of family reunification. After 1978 the government offered parolee status to Hmong, Laos, and Cambodians who had been employees of the U.S. government; in some cases, as with the boat

4. For an excellent overview of U.S. immigration policy, see Charlotte J. Moore, *Review of U.S. Refugee Resettlement Programs and Policies: A Report Prepared at the Request of Senator Edward M. Kennedy, Chair, Committee on the Judiciary United States Senate by the Congressional Research Service, Library of Congress* (Washington, DC: Government Printing Office, 1980), esp. app. 2.

5. See U.S., Senate, Subcommittee to Investigate Problems Connected with Refugees and Escapees, *Indochina Evacuation and Refugee Problems*, pt. 2, *The Evacuation*, 94th Cong., 1st sess., 15, 25, and 30 Apr. 1975, p. 71; ibid., pt. 4, *Staff Reports Prepared for the Use of the Subcommittee*, 94th Cong., 1st sess., 9 June and 8 July 1972, p. 2.

people, the criteria shifted to give priority to individuals persecuted by a Communist government.[6] Before 1980 all entering the United States were parolees. In 1980 the Refugee Act gave the refugees resident-alien status.[7]

BACKGROUND CHARACTERISTICS

The refugee population that came to the United States did not represent a cross section of Vietnamese, Lao, or Cambodian society. First-wave Vietnamese arriving in 1975 were well educated, not only by Vietnamese standards, but by American standards as well. How well educated these first-wave Vietnamese were becomes apparent when one considers that in Vietnam less than 16 percent of the population attended secondary school and less than 1 percent continued on to university. In contrast, 38 percent of the refugees had completed secondary school and an additional 20 percent had university training.[8] The Vietnamese in the second and third waves looked very much like their first-wave counterparts. Second- and third-wave refugees, however, were not all Vietnamese; a large proportion were Laos, Cambodians, and ethnic minorities from Laos and tended to be less well educated than the Vietnamese. The 20,000 or so Hmong who arrived in the late 1970s were, for the most part, illiterate.

Vietnamese refugees, including those who came in the second and third waves, tended to be Catholic. Despite the fact that less than 20 percent of Vietnam's population professed Catholicism, close to 40 percent of all first-wave Vietnamese were Catholic.

Many Vietnamese refugees were second-time migrants. In the interviews I conducted in Fort Indian Town Gap, one of the four refugee holding centers used in 1975, many reported having been born in North Vietnam and migrated south at the end of the first Vietnamese war, which the French fought in an effort to hold on to the former colony. These individuals had resettled in 1954 in South Vietnam in parishes, and these parishes, with their priests, once again migrated in 1975.[9]

Second- and third-wave non-Vietnamese refugees tended to be first-time migrants. In addition, most were not Catholic. The Hmong were animists whose religious practices were vested in clan shamans.[10]

6. See Michael J. de Sherbinin and Carol Weeg, eds., *1980 World Refugee Survey* (New York. U.S. Committee for Refugees, 1980), esp. pp. 12-18; Moore, *Review of U.S. Refugee Resettlement Programs*; Gim and Litwin, *Indochinese Refugees in America*; Astri Suhrke, "Indochinese Refugees and American Policy," *World Today*, 32(2):54-62 (Feb. 1981).

7. Gim and Litwin, *Indochinese Refugees in America*; Moore, *Review of U.S. Refugee Resettlement Programs.*

8. See Kelly, *From Vietnam to America*, chap. 2; William Liu, Maryanne Lamanna, and Alice Murata, *Transition to Nowhere: Vietnamese Refugees in America* (Nashville; TN· Charter House, 1979), pp. 43-63; P. D. Starr and A. E. Roberts, "Community Structure and Vietnamese Refugee Adaptation: The Significance of Context," *International Migration Review*, 16(3):595-618 (1982).

9. Kelly, *From Vietnam to America*, chap. 2; see also John Pilger, *The Last Day* (New York: Random House, 1976); Le-The-Que, A. Terry Rambo, and Gary D. Murfin, "Why They Fled: Refugee Movement during the Spring 1975 Communist Offensive in South Vietnam," *Asian Survey*, 16(9):855-63 (Sept. 1976).

10. My statistics on the Hmong are based on the following sources: Knoll, *Becoming Americans*, chaps. 7-9; Gertrude Roth Li, *The State of Hmong Resettlement and Possible Approaches to Solve Some of Its Problems*, ED 219 471 (Nyack, NY: World Relief, 1981); Gim and Litwin, *Indochinese Refugees in America*; William H. Meredith

The first-wave Vietnamese were not only relatively well educated and second-time migrants. Among them were Vietnam's technical, managerial, and military elite: 7.2 percent were doctors, nurses, or dentists; 24 percent were lawyers, technicians, managers, or university teachers. Of the remainder, 11.7 percent were clerical or sales workers; 7.6 percent were employed in service industries; 4.9 percent were farmers or engaged in fishing; and 10.7 percent were skilled tradesmen or construction workers.[11] While Vietnamese refugees tended to be skilled workers, technicians, and professionals, this was not the case with second- and third-wave Laos, Cambodians, Hmong, and Mein. These individuals were formerly in the military. In the case of the Lao ethnic minorities, the population tended not only to be illiterate, but they had also been soldiers in an army backed by the Central Intelligence Agency and had few skills other than in slash-and-burn agriculture.

A good many first-wave Vietnamese refugees had direct ties to American corporations or the government. Nonetheless, few had language skills that equipped them to work in or adjust easily to an American context. As of March 1976, 64.9 percent of all first-wave Vietnamese spoke no English whatsoever, 21 percent could make themselves understood in the language, and only 13.9 percent could communicate effectively in English.[12] The language skills of first-wave refugees were far superior to those of subsequent waves. Part of this was a function of education; in part, it also reflected the changing population of second- and third-wave refugees, who had less direct contact with American corporations and government over a long time span than had those who had managed to be part of the American-sponsored evacuation.

Refugees of all three waves tended to be young, and they came to the United States in extended families. Among first-wave Vietnamese, 45.9 percent were under 18; another 35.6 percent were between 18 and 34 years of age. The Hmong of the third wave were younger as a whole than the Vietnamese: 51.6 percent were under 18. While there were unaccompanied minors and single people among the refugees, most came in families. Average household size among Vietnamese first-wave refugees was 5.1 persons. Only 16,819 of the 130,000 first-wave refugees came alone; 62 percent came in households of over 5.0 persons. The household size of second- and third-wave refugees was larger: 7.6 persons among the Hmong and 6.9 among Laos.[13]

The social background characteristics of the refugees portended a less than easy adjustment to the United States. Although many were well educated and members of their country's elites, their skills were not likely to transfer easily to the American labor market. This was more the case for managers, administrators, and professionals, as we will show later in this article, than for blue-collar workers.

and Bette J. Tweton, eds., *Compiled Proceedings: Helping Indochinese Families in Transition*, ED 206 768 (Lincoln: University of Nebraska, College of Home Economics, 1981).

11. Kelly, *From Vietnam to America*

12. U.S., Department of Health, Education and Welfare, Task Force for Indochinese Refugees, *Report to the Congress*, lithographed, 1976, p. 28.

13. See Jean S. Baldwin, "Community Outreach and Health Education Classes among Hmong and Mein in N.E. Portland," in *Compiled Proceedings*, ed. Meredith and Tweton; Gim and Litwin, *Indochinese Refugees in America*.

RESETTLEMENT

The resettlement of refugees was in the hands of voluntary organizations, many of which had a long-standing history of dealing with refugees. The U.S. government contracted the United States Catholic Conference, the International Rescue Committee, the Lutheran Immigration and Refugee Service, the Tolstoi Foundation, and several other organizations to find sponsors for each refugee and his or her immediate family. A sponsor was defined as an individual, group, or organization willing to take responsibility for the refugees' housing, clothing, and other expenses until they could become self-supporting.[14] A sponsor was also supposed to help refugees and their families locate employment, obtain adequate English language skills and job retraining. In general, sponsors were supposed to ease the refugees' adjustment to the United States. The U.S. government initially defined its obligation in terms of supplying a resettlement grant of $500 per refugee to the voluntary agency to spend as that agency saw fit.

While resettlement was the province of voluntary agencies, the U.S. government put considerable pressure on them to disperse refugees throughout the country and prevent the development of large ethnic communities that might create tensions between local, state, and federal governments or put undue strain on local community resources. Voluntary agencies, working out of refugee camps for six months in 1975, tried to follow government guidelines. They had moderate success, scattering refugees in nuclear-family groups throughout the country. As of December 1975, of the 129,792 refugees resettled, 27,199 relocated in California, 9130 in Texas, 7159 in Pennsylvania, 5332 in Florida, and 4182 in Washington, D.C. Between 3000 and 4000 were sponsored to each of the following states: Illinois, Louisiana, Minnesota, New York, Oklahoma, and Virginia. Eighteen states became the destination of fewer than 1000 refugees each.[15]

The initial refugee resettlement pattern reflected several things. First, refugees in the first wave tended to be resettled close to refugee holding centers. The four holding centers on the U.S. mainland were in Pennsylvania, Florida and California and close to the Texas border in Arkansas. Second, much of the placement also reflected the contacts of the voluntary agencies. The Lutheran Immigration and Refugee Service, for example, found individual sponsors among Lutheran communities in the Midwest. As of December 1975, 1791 Vietnamese were placed with Lutheran parishes in Minnesota.[16] Such placements, while they reflected the willingness of Lutheran churches to sponsor Vietnamese, had little relation to employment possibil-

14 For a survey of voluntary agencies' roles, see Kelly, *From Vietnam to America*, chaps 5 and 6; U.S., Department of State and Department of Health, Education and Welfare, *Report to the Congress by the Comptroller General of the United States, Domestic Resettlement of Indochinese Refugees—Struggle for Self-Reliance*, 1977; Robert G. Wright, "Voluntary Agencies and the Resettlement of Refugees," *International Migration Review*, 15(1):157-74 (Spring-Summer 1981); Elizabeth Winkler, "Voluntary Agencies and Government Policy," *International Migration Review*, 15(1):95-98 (Spring-Summer 1981).

15. Task Force for Indochinese Refugees, *Report to the Congress*, p. 29.

16 Indochina Resettlement Program, case load by state, Lutheran Immigration and Refugee Service, 30 June 1976. Typewritten attachment to letter of Susan J. Severance to Gail P. Kelly, 13 Dec. 1976, Vietnamese Immigration Collection, SUNY/Buffalo Archives, Box 4.

ities available to refugees. Other patterns of resettlement were connected to job opportunities. First-wave Vietnamese often found corporate sponsors who provided employment. *Dat Lanh*, the newspaper of Fort Indian Town Gap, one of the refugee holding centers established in 1975, listed sponsorship opportunities filtered through the voluntary agencies in a way similar to that in which an employment agency would post job openings. Typical were the following:

> Two fishermen needed for job in Florida. Position pays $2.10 per hour with sponsorship.[17]
>
> Two or three mechanics, one of whom should speak some English. The sponsor is a Datsun car dealer in Georgia.[18]
>
> Workers for greenhouses in Maryland and North Carolina . . . .[19]

Vietnamese refugees resettled in Florida, Texas, Louisiana, and other states often became nonunion farm labor; in some states, they were given minimum-wage jobs in chicken processing and in nursing homes.[20]

While initial resettlement in the United States reflected a pattern Vietnamese had little power over, by June 1976 these first-wave refugees relocated, abandoning their sponsors and often their isolation. Their movement was from rural to urban areas, from northeastern states to southern and western states. By 1978 one-third of all refugees were concentrated in California; another 10 percent were in Texas. As of 1983, 90 percent of all refugees were in 10 states.[21]

While the U.S. government took a dim view of secondary migration, no constraints were placed on refugee movement in the United States. Most sponsors were unable to provide for refugees for the length of time before they became self-supporting, simply because of difficulties refugees had experienced entering the American labor market in a time of economic recession. Sponsors often channeled refugees to welfare offices. Ties that might have held refugees to a community—jobs and dependency on a local sponsor—did not form.

The development of concentrated refugee communities was exacerbated by the second- and third-wave refugee influx. Many of the first-wave refugees served as sponsors for second- and third-wave compatriots. In 1983, it was estimated that over 50 percent of all Vietnamese entering the United States were sponsored by their relatives without the intermediary of an American organization. As a result, the refugee communities formed by the secondary migration of first-wave Vietnamese grew larger and larger. In the period from January through November 1978, the 41,514 refugees in California welcomed 5121 newcomers to their ranks. The 13,717 in Texas were joined by 2177 new arrivals. By 1979 urban areas in four states accounted for 75 percent of all refugees resettled in the country. The greatest number resided in three zip code zones

17. *Dat Lanh*, Bo 4, So 3, 26 Oct 1975, p. 3.

18. Ibid., Bo 3, So 49, 22 Oct. 1975, p. 3

19 Ibid , p 2.

20 There have been a number of newspaper articles about such sponsorships because they broke down with so much bitterness. See, for example, John Kifnel, "Recruits Leaving Vermont Chicken Processing Plant," *New York Times*, 18 Nov. 1975; Richard Severo, "Offer of Work for Vietnamese Turns Sour," *New York Times*, 14 Nov. 1975. See also *Report of the Interagency Task Force*, 2 May-20 Dec 1975, Fort Chaffee, 14 Jan. 1976, p. LX-H-78.

21. See esp. General Accounting Office, *Greater Emphasis on Early Employment*, p. 51

in the Los Angeles, California, area; the second-largest concentration was in New Orleans, Louisiana.[22]

U.S. government reports label all refugees, regardless of whether they are Vietnamese, Cambodian, Lao, Hmong, Mein, or Ta-Dien, Indochinese. There is reason to suspect that the pattern of secondary migration and community formation just described represents solely the pattern of the Vietnamese of all three waves. Fragmentry data suggest that the Hmong, Laos, and Cambodians, while tending to form their own ethnic enclaves, have kept themselves separate from the Vietnamese. The Hmong, for example, while initially scattered, formed tightly knit communities in Missoula, Montana; Denver, Colorado; and Providence, Rhode Island. As of 1981, one-third of the 20,000 Hmong in the United States were in St. Paul, Minnesota; another third were in Santa Ana, California. It is significant to note that in Missoula, Montana, of the 1000 refugees from Vietnam, Cambodia, and Laos, all but 68 were Hmong; when the Hmong moved into St. Paul, Minnesota, two-thirds of the Vietnamese refugees in the city moved out. The Laos, like the Hmong, have tended to form their distinct ethnic communities, apart from the other refugees that came as a result of the end of the U.S. involvement in Vietnam. About 1000 Laos have moved to Des Moines, Iowa, where few Vietnamese remain; 1500 Mein reside in Portland, Oregon.[23]

22. Ibid.; see also Julia Vadala Taft, David S. North, and David Ford, *Refugee Resettlement in the United States: Time for a New Focus, A Report* (Washington, DC: New Transcentury Foundation, 1979), p. 186.

23 Li, "The State of Hmong Resettlement"; Knoll, *Becoming Americans*, chap. 7; Gim and Litwin, *Indochinese Refugees in America*.

The pattern of secondary migration reported here represents the development of nationality-based communities. They cannot be explained by simplistic notions of economic opportunity or variations in the provisions of social services by different states.[24] The fate of Vietnamese in the labor market, which I will turn to shortly, was such that Vietnamese developed few roots in the communities of initial resettlement. For the most part, having arrived in the United States as one of the deepest recessions since the 1930s took hold, Vietnamese were unemployed and underemployed no matter where they lived. There was little economic benefit to be gained from remaining in isolation, scattered throughout the country. Vietnamese moved where they could form cultural and social networks among compatriots.

THE WORK FORCE

The movement from Vietnam to the United States, for the most part, has meant downward occupational mobility and an appreciable lowering of social and economic status. This has been the case especially for those Vietnamese refugees who were professionals, technicians, managers, or businessmen; it has been less the case for lower-class Vietnamese. For many, living in the United States has meant unemployment, underemployment, and dependency on the American welfare system.[25]

24. This conclusion does not originate with me, rather, it was articulated by the General Accounting Office in its 1983 report. See General Accounting Office, *Greater Emphasis on Early Employment*.

25. See, for example, Robert L. Bach, "Employment Characteristics of Indochinese Refugees," *Migration Today*, 8(3):10-14 (Jan. 1979); Darrel Montero, *Vietnamese Americans: Patterns of Resettlement and Socio-Economic Adaptation in the*

In 1975 the employment rate of Vietnamese refugees over the age of 16 was 68.2 percent for men and 50.9 percent for women. Within three years, this rate increased appreciably to levels comparable to those of Americans. By 1978, 94.9 percent of all first-wave refugees over 16 years of age were employed, compared to 94.5 percent of all Americans. Of those employed, 82 percent had full-time work. Despite this high rate of employment within a three-year period, Vietnamese could scarcely be considered self-supporting. In 1978 less than one-third of all Vietnamese employed earned more than $200 per week. Mean household income in which there were two or more wage earners stood at $800 per month, or $9600 per year. After three years, in short, despite high rates of employment, most families stood at the poverty level.[26] In large part, this pattern was a function of the kind of employment that Vietnamese found. Of the Vietnamese employed in 1982, 18.7 percent found work in clerical or sales occupations, 29.5 percent in crafts, 11.5 percent as operatives in transport, 7.2 percent as unskilled laborers, and 24.0 percent in unspecified blue-collar jobs. Only 7.0 percent found work as professionals, and another 2.3 percent were employed as managers.[27]

The extent to which this pattern represents downward social mobility for many becomes clearer when one considers, for example, that in Vietnam 24.0 percent of the first-wave refugees had been lawyers, technicians, or managers, 11.7 percent had been sales or clerical workers, and 10.7 percent had been employed in construction, trades, or blue-collar work. A survey conducted in the late 1970s showed that of those who had been managers in Vietnam, only 5.1 percent were employed in a similar occupation in the United States and only about 30 percent of former managers were able to hang on to any kind of white-collar job. Close to 65 percent of former managers worked in the United States in blue-collar jobs. Former professionals fared somewhat better: 17.7 percent were able to find the same kind of jobs they had held in Vietnam, 20.1 percent became clerical or sales workers, while the remainder took blue-collar work. The Vietnamese most likely to be employed in work comparable to that which they held in Vietnam were craftsmen and other blue-collar workers. Of the craftsmen, 44.2 percent found the same kind of work in the United States as they had done in Vietnam.[28]

United States (Boulder, CO Westview Press, 1979); Christine Robinson Finnan, "Occupational Assimilation of Refugees," *International Migration Review*, 15(1).292-309 (Spring-Summer 1981); Opportunity Systems, Inc., *Sixth Wave Report Indochinese Resettlement Operational Feedback* (Washington, DC· Opportunity Systems, 1979)

26. These statistics are derived from Opportunity Systems, *Sixth Wave Report*; Indochinese Refugee Assistance Program, *Report to the Congress*, 31 Dec. 1978, pp 241-25; General Accounting Office, *Greater Emphasis on Early Employment*, tabs 3-1 and 3-2 and p. 17.

27. General Accounting Office, *Greater Emphasis on Early Employment*; U.S , Congress, House of Representatives, Committee on the Judiciary, Subcommittee on Immigration, Citizenship and International Law, *Extension of Indochina Refugee Assistance Program, Hearings*, 95th Cong., 2nd sess., 23 and 27 Sept. 1977, p 173, tab. 15. See also Opportunity Systems, Inc., *Sixth Wave Report*; Robert Bach et al., "The Economic Adjustment of Southeast Asian Refugees in the U.S.," ED 241 611 (Unpublished document, n.p., 1983).

28 Subcommittee on Immigration, Citizen-

The kind of work Vietnamese found in the United States was in large part due to the high unemployment rates in the country. Indeed, it is quite amazing that the employment rates of the Vietnamese in 1978 were as high as they were and remained so. Vietnamese took the only jobs they could find, and they took low wages for these jobs. Most had few other options.

A second reason for the employment pattern is due to the refugees' proficiency in English. Most refugees' English language skills, as was pointed out earlier, were negligible. The ability to obtain and hold work in any occupations other than those that require unskilled, routinized labor depends on communication skills in English. The first-wave refugees were more fortunate than those in the second and third waves. They were better educated. A large number had been U.S. government and corporation employees in Vietnam and were able to develop English language skills in a relatively short time. In addition, the U.S. government liberally funded English language programs for first-wave refugees.

For second- and third-wave refugees, English language skills have been more difficult to master. These refugees had less prior exposure to English than did first-wave refugees. Many were illiterate, especially the Hmong and Mein, whose mother-tongue languages have yet to develop a writing system. English language programs that successfully taught Vietnamese adults English have been noticeably ineffective with these groups, and the Hmong and Mein work force participation rate, 67 percent, is considerably lower than that of Vietnamese and reflects in large part their inability to speak English.[29]

While languge skills and the state of the American job market explain in part the type of employment refugees found, contributing as well has been the secondary migration of Vietnamese and other refugees within the country. According to a 1983 Government Accounting Office report, the formation of large refugee communities has not occurred in areas of labor shortages. In some instances, refugees have concentrated in parts of Oregon, Pennsylvania, and the state of Washington, where there are extremely tight job markets; in fact, in some of these places, there has been a decline in heavy industry and a net regional loss of jobs of any sort.[30]

The economic situation of Vietnamese refugees has been precarious since their entry into the United States. Family income has been so low relative to family size that not only do most families have two or more wage earners, but they also have become dependent on the American welfare system. This dependency has increased, rather than decreased, over time. In 1978 one-third of all refugees, including those of the second and third waves, received some form of welfare; in 1979, this rose to 37 percent; by 1981, 67 percent of refugees received cash payments, Medicaid, and/or food stamps.[31] The paradox, of course, is that the reliance on welfare assistance has

ship and International Law, *Extension of Indochina Refugee Assistance*, tab. 15, p. 173.

29 Gim and Litwin, *Indochinese Refugees in America*, esp. chap. on Minneapolis-St. Paul, MN; General Accounting Office, *Greater Emphasis on Early Employment*, tabs. 3-1 and 3-2.

30 General Accounting Office, *Greater Emphasis on Early Employment*.

31 U.S., Senate, Committee on the Judiciary, Subcommittee on Immigration and Refugee Policy, *Hearings. Proposed Regulation Changes for Refugee Assistance*, 97th Cong., 2d sess., 9 Feb. 1982, p. 2

little association with employment and is not likely to be remedied by finding jobs for Vietnamese. Rather, it is a function of the kind of employment open to newcomers in a recession and subsequently an economy emerging from recession in which the number of individuals living on the poverty line, both employed and unemployed, has risen consistently since 1980.

It is not clear whether Vietnamese and other refugees from American involvement in Vietnam will retain their precarious economic position over the long run. Much depends on the continuing rebound of the American economy and the kinds of employment and wages that emerge in the future. Indeed, it is amazing that Vietnamese, who have been in the United States in some instances less than five years, have managed to achieve the degree of economic self-sufficiency that they have. Refugee income, studies have shown, has increased over time. In part this has occurred because refugees have become more adept in English and have been able to take advantage of job retraining programs. One study, conducted in 1982, on a sample of refugees in Chicago, Illinois, showed that Vietnamese income had steadily increased over a four-year period.[32] There is a reason to believe that such a trend will hold for most of the refugee community.

COPING WITH AMERICA

Vietnamese adjustment to the United States has not been a particularly easy process. Vietnamese were not exactly welcomed into this country. Many Americans opposed granting them asylum; they saw the Vietnamese as reminders of a war that Americans should never have fought.[33] This general hostility often greeted Vietnamese as they were scattered throughout the country, and it increased problems associated with adjustment to the new cultural and social surrounds.

Compounding the war-related hostility toward Vietnamese was the timing of the Vietnamese arrival. The year 1977 marked the beginning of the American economic recession; unemployment among Americans peaked at a time when Vietnamese, Laos, and Hmong increasingly entered the work force. In some communities, Vietnamese were seen as individuals who would undermine American citizens' opportunities to find work and who would put a strain on American social services at a time when the Reagan administration was cutting back on them. Conflict between Vietnamese and American minorities surfaced in places like New Orleans and Albuquerque. In New Orleans, American blacks charged local government with discriminating in favor of Vietnamese in job placement services and in allocating public housing. Similar incidents were repeated in Albuquerque, where Mexican American resentment against Vietnamese ran high. Ugly conflicts over fishing rights erupted into violence in Texas and Louisiana.[34] While

32. Perry M. Nicassio "Empirical Dimensions of Adjustment among the Indochinese Refugees," ED 222 603 (Unpublished manuscript, 1982), fig. 1, p 18

33. The initial hostility to Vietnamese has been well documented See, for example, Richard T. Schaefer and Sandra L. Schaefer, "Reluctant Welcome U.S. Response to the South Vietnamese Refugees," *New Community*, 4(3):366-70 (Autumn 1975). A Gallup poll indicating that most Americans preferred that Vietnamese not be allowed to enter the U.S. was reported in *Time* magazine. See "Refugees: A Cool and Wary Reception," *Time*, 12 May 1975, pp. 24, 26.

34. Paul D. Starr, "Troubled Waters: Vietnamese Fisher-folk on America's Gulf Coast,"

it is hard to gauge the extent of conflict between refugees and Americans, it is clear that it exists and has not helped ease refugee adjustment to the United States.

For their part, Vietnamese have experienced a host of adaptation problems, many of which derived from the traumatic conditions under which they left Vietnam, the death of family members in flight, and the separation of families. In addition, they have experienced significant downward social and occupational mobility; several studies have documented cases of alienation, mental illness, and family disruptions.[35] Vietnamese adjustment, despite these difficulties, seems no more problematic than that of other refugee groups in the United States. Vietnamese have increasingly sought to set the terms of their entry into American society. They have formed ethnic communities and self-help, cultural, religious, and ethnic organizations. In 1977 alone, 143 such organizations were formed, and not only among the Vietnamese: 119 were Vietnamese, 16 Cambodian, and 8 Lao. These organizations have varied goals. Some, such as the Vietnamese Alliance of Boulder, Colorado, are cultural organizations that also provide tutoring services for school-aged children. Other associations have focused on job placement services and counseling. The diversity of such organizations and their large number indicate that, over the long run, refugees from Vietnam have begun to cope with finding a place in American society.[36]

International Migration Review, 15(1).225-38 (Spring-Summer 1981); Knoll, *Becoming Americans*; Vuong G. Thuy, "The Needs and Expectations of Indochinese in America," ED 191 966 (Paper delivered at the National Conference on Indochinese Education and Social Services, Arlington, VA, 28 Mar 1980); Rawlein Soberano, "The Vietnamese of New Orleans: Problems of America's Newest Immigrants," ED 173 525 (Unpublished manuscript, n.p., 1978); Gim and Litwin, *Indochinese Refugees in America*.

35. For a fuller discussion of the psychological aspects of adaptation, see Ken-Ming Lin, Laurie Tazuma, and Minoru Masuda, "Adaptational Problems of Vietnamese Refugees: I. Health and Mental Health Status," *Archives of General Psychiatry*, 36:955-81 (Aug. 1979); Liang Tien Redick and Beverly Wood, "Cross Cultural Problems for Southeast Asian Refugee Minors," *Child Welfare*, 61(6):365-73 (June 1982); David Haines, Dorothy Rutherford, and Patrick Thomas, "Family and Community among Vietnamese Refugees," *International Migration Review*, 15(1):310-19 (Spring-Summer 1981); Barry N. Stein, "The Refugee Experience: Defining the Parameters of a Field Study," *International Migration Review*, 15(1):320-30 (Spring-Summer 1981); Tran Tuong Nhu, "The Trauma of Exile: Viet-Nam Refugees," *Civil Rights Digest*, pp. 59-62 (Fall 1976); Donald Cohen, Jr., "Psychological Adaptation and Dysfunction among Refugees," *International Migration Review*, 15(1):255-75 (Spring-Summer 1981).

36. Indochinese Refugee Assistance Program, *Report to the Congress*, p. 240.

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Post-1965 Asian Immigrants: Where Do They Come From, Where Are They Now, and Where Are They Going?

By MORRISON G. WONG

ABSTRACT: During the past two decades, immigrants of Asian ancestry have been arriving to the United States in phenomenal numbers, currently constituting 43 percent of the total immigrant stream. Asian immigrants from the traditional sending countries of China—including Taiwan and Hong Kong—Japan, Korea, and the Philippines are well represented. Refugees-turned-immigrants from Vietnam, Kampuchea, and Laos, however, represent a new and significant proportion of the Asian immigrant stream. This article will present an overview of the extent and magnitude of Asian immigration to the United States since 1965. The demographic, social, and economic characteristics, as well as adjustment indicators, of these recent immigrants will be analyzed. Finally, policy implications of this influx of new Asian immigrants will be suggested.

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DURING the past two decades, a new chapter has been written into the history of immigration to the United States. Beginning in the mid-1960s and continuing into the 1980s, the United States has been the recipient of an influx of immigrants not experienced since the great waves of European immigration at the turn of this century. The most significant aspect of this new wave of immigration is the tremendous increase in the number and proportion of immigrants from Third World countries—from Asia and Latin America. In the early 1960s, about 7 percent of all immigrants, approximately 20,000 per year, came from Asia. Since then, Asian immigration to the United States has increased tenfold. Currently, about 264,000 immigrants each year, 44 percent of the total annual immigration stream, are from Asian countries. Countries with a long tradition of immigration to the United States, such as China—including Taiwan and Hong Kong—Japan, Korea, and the Philippines, are well represented. A new and sizable proportion of the Asian immigrant stream, however, comprises refugees-turned-immigrants from Vietnam, Kampuchea—or Cambodia—and Laos. The influx of this later group of refugees has resulted in the emergence of new ethnic communities in the United States, such as Koreatown in Los Angeles and Little Saigon in Orange County, California. These communities were virtually nonexistent or invisible twenty years ago and are now projected to continue to grow.

Recent Asian immigrants merit attention, not only because of their significant numbers, but also because they represent an anomaly. They tend to be much more educated and much more likely to be in professional and managerial occupations than members of the average immigration stream or the native-born American population.[1] This article will present an overview of the extent and magnitude of the new Asian immigration to the United States during the last two decades. The demographic, social, and economic characteristics, as well as adjustment indicators, of these recent immigrants will be analyzed. Finally, policy implications of this influx of new Asian immigrants will be proposed.

A BRIEF HISTORY OF ASIAN IMMIGRATION AND U.S IMMIGRATION POLICY

A cursory reading of the history of Asian immigration to the United States suggests that either it did not exist or that it was too insignificant to deserve mention. However, upon closer scrutiny, one notes that U.S. immigration policy toward Asians was characterized by ethnocentrism, racism, xenophobia, chauvinism, and exclusion.

The first Asian group to immigrate to the United States was the Chinese. Although Chinese were present in the United States in the 1700s, significant numbers did not begin to arrive until the middle of the nineteenth century, when they were drawn by the desire for gold on the West Coast. After several decades of anti-Chinese agitation, inspired by real or imagined competition with white

1. Monica Boyd, "The Changing Nature of Central and Southeast Asian Immigration to the United States, 1961-1972," *International Migration Review*, 8:507-19 (1974); Charles Hirschman and Morrison G. Wong, "Trends in Socioeconomic Achievement among Immigrant and Native-born Asian Americans, 1960-1976," *Sociological Quarterly*, 22:495-513 (1981); Morrison G. Wong and Charles Hirschman, "The New Asian Immigrants," in *Culture, Ethnicity and Identity: Current Issues in Research*, ed. William McCready (New York: Academic Press, 1983), pp. 381-403.

workers and by racist propaganda, Congress passed the Chinese Exclusion Act of 1882. This was the first piece of immigration legislation that specifically targeted a particular ethnic or racial group for exclusion.[2] Originally intended to be terminated after ten years, this act was renewed in 1892 and was made a permanent feature of U.S. immigration policy in 1904. Small numbers of Chinese immigrants continued to arrive in the United States during the first several decades of the twentieth century under special provisions. It was not until 1943 that Chinese exclusion was repealed, in part because China was a wartime ally of the United States.[3]

The Japanese were the second major Asian group to immigrate to the United States. Their immigration was encouraged by West Coast businesses that found them to be a source of cheap labor during the last decade of the nineteenth and first decade of the twentieth centuries. Like the Chinese before them, the Japanese incurred the hostility of white workers who felt that their wage levels were being undercut by these new immigrants.[4] This antagonism finally culminated in the Gentlemen's Agreement of 1907-8, whereby Japan agreed to limit migration to the United States to nonlaborers. The agreement did, however, permit the wives of local Japanese residents to enter the United States, and many Japanese brought in picture brides—brides in Japan selected by emigrant men through the exchange of pictures. Thus the Japanese immigrant population continued to grow until 1924.

It is ironic that in 1882, the year the Chinese Exclusion Act was passed, the United States became the first Western nation to sign a trade and friendship treaty with Korea. In the succeeding years, about 7500 predominantly male Korean workers immigrated to Hawaii to fill the labor vacuum left by the Chinese on the sugar cane and pineapple plantations.

Koreans were subjects of Japanese imperialism, and in 1905, a law was enacted by the Japanese government that prohibited Koreans from emigrating to the United States.[5] Between 1907 and 1924, most of the Korean immigrants were women—picture brides for the older male Korean population. The Immigration Act of 1924 put an end to immigration from Korea, but the Korean War and the passage of the Refugee Act of 1953 initiated the beginning of a steady stream of Korean immigrants to the United States. Although some were classified as refugees, most were war brides of U.S. servicemen.

Filipinos originally immigrated to Hawaii to work on the sugar cane and pineapple plantations. During the 1920s, Filipino migration to the U.S. mainland gained momentum, coming either directly from the Philippines or indirectly through Hawaii. Because Filipinos were nationals of the United States,

2. Victor G. Nee and Brett de Bary Nee, *Longtime Californ': A Documentary Study of an American Chinatown* (New York: Pantheon Books, 1972), pp. 30-60; Alexander Saxton, *The Indispensable Enemy: Labor and the Anti-Chinese Movement in California* (Los Angeles: University of California Press, 1971).

3. Fred W. Riggs, *Pressures on Congress: A Study of the Repeal of Chinese Exclusion* (New York: King's Crown Press, 1950).

4. Roger Daniels, *The Politics of Prejudice: The Anti-Japanese Movement in California and the Struggle for Japanese Exclusion* (Gloucester, MA: Peter Smith, 1966).

5. Lee Houchins and Chang-su Houchins, "The Korean Experience in America, 1903-1924," in *The Asian American*, ed. Norris Hundley, Jr (Santa Barbara, CA: ABC-Clio, 1976), pp. 129-56.

they were not subject to legal or quota restrictions. The Tydings-McDuffie Act of 1935 changed this situation, however. While granting future independence to the Philippines, it also placed Filipinos under an alien status, thereby restricting their immigration to 50 persons per year. In 1946, this immigration quota was doubled to 100 persons.

The racist and exclusionist immigration policies of the United States toward immigrants of Asian ancestry were further reinforced through the passage of two major pieces of immigration legislation in the 1920s. The National Origins Quota Act of 1921 imposed a quota system under which the number of new immigrants allowed was only 3 percent of the number of people of their nationality already in the United States in 1910. When this act expired, it was replaced by the even tougher Johnson-Reed Act of 1924, which reduced each country's annual quota to 2 percent of its emigrants already in the United States in 1890. China, Japan, and Korea received no quota, virtually ending immigration from these countries.

The Immigration and Nationality Act of 1952, or the McCarran-Walter Act, was more of a rationalization of existing immigration policy than a reform. For the Eastern Hemisphere, including Asia, there were two systems of immigration, quota or nonquota. Nonquota immigration was reserved only for immediate relatives—spouses, children, parents—of U.S. citizens and for other selected cases. The quota system followed the national-origins restrictions of the 1924 legislation, with only token quotas for Asians: 105 immigrants for China, 185 for Japan, and 100 each for the Philippines and Korea.

The Immigration Act of 1965 provided the first real reform of immigration policy in the twentieth century. The national-origins quotas, which favored immigrants from northwestern Europe, were abolished and each country was put on a relatively equal footing with the limit of 20,000 immigrants annually. The principle of family reunification and the emphasis on scarce occupational skills became the major criteria for the admission of immigrants. Spouses as well as immediate relatives—parents, and children below the age of 21—of U.S. citizens were exempt from numerical limitations. The new preference system of the 1965 act was phased in from 1966 to 1968, providing for a period of adjustment from the old McCarran-Walter Act. During this transition period, unused visas from undersubscribed countries were allotted to other countries with a large waiting list. Not until 1969 were immigrant visas distributed without preference to any country.

The Indochinese, most of whom have arrived since 1965 and especially since the fall of Saigon in 1975, constitute the newest group of Asian immigrants to the United States. Currently, approximately 700,000 Indochinese have immigrated and settled in various parts of the country. Although treated as if monolithic and as political refugees, they are a variegated population, arriving from Vietnam, Laos, and Kampuchea. This refugee-turned-immigrant population may be divided into two waves. The first wave comprises Vietnamese, who tend to have certain advantages over the second wave—marketable skills, facility with the English language, a trove of cash, American contacts, or some combination of these. The second wave comprises primarily the Vietnamese boat people, Kampucheans, and Laos, who lack human and economic capital

resources. They are poorly educated and generally ill suited to an advanced industrial economy. As a consequence, their adjustment to, as well as their acceptance by, American society has been much slower.

THE NUMBER AND PERCENTAGE OF ASIAN IMMIGRANTS

In order to appreciate fully the impact of the 1965 Immigration Act on Asian immigration to the United States, data on the number and the percentage change of immigrants by country of birth from 1961 to 1981 will be reviewed. For ease of presentation, this 20-year period is subdivided into five major periods. The first period, 1961-65, marks the 5 years preceding the passage of the 1965 Immigration Act, when the regulations of the McCarran-Walter Act of 1952 were still enforced. The second period, 1966-68, is the transitional period, in which the backlog of immigrants under the old quota system were processed. The third period, 1969-73, is the first 5-year period after enactment of the 1965 act. During this time, the initial impact of the 1965 act on the shift in region of origin of the immigrants will be evident. The last two 4-year periods, 1974-77 and 1978-81, will reveal whether the initial impacts of the 1965 act represent an abnormal fluctuation or substantial evidence of a particular immmigration trend.

In Table 1, one notes that the average annual number of legal immigrants to the United States almost doubled during this 20-year period, from about 290,000 in 1961-65 to about 547,000 in 1978-81. Projections suggest a continued increase in the average number of immigrants per year unless immigration reform is enacted.

There were significant changes in the region of origin of these new immigrants. In the period before the 1965 act, immigrants from Europe comprised about 42 percent of the total immigrant population to the United States. However, in the most recent period, 1978-81, European immigration declined to about 12 percent of the total immigrant stream, about 68,000 immigrants per year, despite the doubling of the total number of immigrants. The increase in the number of European immigrants immediately after passage of the 1965 Immigration Act was due primarily to the processing of the backlog of Southern and Eastern European immigrants from the McCarran-Walter period. Overall, Europe was the only region in which the absolute number of immigrants to the United States declined during this 20-year period.

A dramatic shift in Asian immigration, in number as well as in proportion to the total population, also occurred. In the pre-1965 period, Asian immigration accounted for only about 8 percent of the total immigrant population, about 22,000 immigrants per year. From 1965 to 1981, Asian immigration increased almost tenfold; there was a substantial increase from each Asian country except Japan. In the most recent period, about 235,000 Asian immigrants, about 43 percent of the total immigrant population, entered the United States each year. The numbers and percentages of Asian immigrants differ for each country and time period. The somewhat high figures for Kampuchea, Laos, and Vietnam comprise mostly refugees-turned-immigrants admitted under special circumstances during the mid-1970s and early 1980s.

Immigration from North America—which includes countries such as Mexico, Cuba, and Haiti—and immigration from South America show an increase in absolute numbers, but in relative

TABLE 1

NUMBER AND PERCENTAGE OF LEGAL IMMIGRANTS ADMITTED TO THE UNITED STATES BY REGION OF BIRTH FOR SELECTED PERIODS, 1961-81

	Average Annual Number of Immigrants (in thousands)					Percentage Distribution for Each Period				
	1961-65	1966-68	1969-73	1974-77	1978-81	1961-65	1966-68	1969-73	1974-77	1978-81
Total	290	380	377	436	547	100	100	100	100	100
Europe	122	135	104	79	68	42	36	28	18	12
Asia*	22	52	103	152	235	7	14	27	35	43
China†	5	20	20	26	29	2	5	5	6	5
Japan	4	4	5	5	4	1	1	1	1	1
Kampuchea	—	—	0	0	5	—	—	0	0	1
Korea	2	3	14	31	31	1	1	4	7	6
Laos	—	—	0	0	9	—	—	0	0	2
Philippines	3	11	28	38	41	1	3	7	9	7
Vietnam	—	0	2	4	53	—	—	1	1	10
Rest of Asia	8	13	33	49	63	3	4	9	11	12
North America	119	165	140	166	188	41	43	37	38	34
South America	24	21	21	27	38	8	6	6	6	7
Africa	3	4	7	8	13	1	1	2	2	2
Oceania	1	2	3	4	4	—	1	1	1	1

SOURCES. U.S., Department of Justice, *Immigration and Naturalization Service Annual Report* (Washington, DC Government Printing Office, 1961 through 1977); idem, *Immigration and Naturalization Service Statistical Yearbook* (Washington, DC Government Printing Office, 1980 and 1981).

NOTES A dash indicates the absence of immigration records; a zero means that the number of immigrants was too small to be tabulated. The sums of the subtotals are slightly different from the totals due to rounding error

*Percentages are based on total population.

†Includes Taiwan and Hong Kong

terms they have decreased from pre-1965 figures. Currently, about 34 percent of the immigration population is from North America, the second major sending region. From Africa and Oceania there are few immigrants, but there has been a slight increase in their number.

DATA AND VARIABLES

Before discussing the social, demographic, and economic characteristics of the new Asian immigrants, it may be informative to discuss the data sources and describe the variables. One major source of data is the 1980 U.S. Census Public Use Microdata Sample (PUMS) Sample A one-in-one-thousand file.[6] A 1 percent sample was selected to yield 19,195 individuals for analysis. This group represents the "total U.S. population" with which the post-1965 Asian population will be compared.

Because of the small number of post-1965 Asian immigrants in the 1980 U.S. Census PUMS Sample A one-in-one-thousand sample, a second data source, the 1980 U.S. Census 5 percent PUMS Sample A, was used. The total post-1965 Asian immigrant sample was selected. This sample yielded 20,045 Chinese, 5952 Japanese, 13,859 Koreans, 20,983 Filipinos, 11,351 Vietnamese, 658 Kampucheans, and 2052 Laos. Due to the large size of the total post-1965 Asian immigrant sample from this source, when the total post-1965 Asian population was analyzed, a 25 percent sample of 18,586 Asian immigrants was selected.

6. U.S., Department of Commerce, Bureau of the Census, *Census of Population and Housing, 1980: Public Use Microdata Samples Technical Documentation* (Washington, DC: Department of Commerce, 1983).

Most of the variables are self-explanatory; some variables, however, do require elaboration. The labor force participation rate is a summary indicator of the proportion of the total population 16 years of age and over that is involved in the labor force.

A measure of economic well-being is poverty status. The poverty status of a person who is a family member is determined by the family income and its relationship to the appropriate poverty threshold for that family. The poverty status of an unrelated individual is determined by his or her own income in relation to the appropriate threshold. Families or persons whose total family income or unrelated individual income in 1979 was less than the poverty threshold specified for the applicable family size, age of the householder, and number of related children present under 18 years were in the category of less than 1.00. Those above poverty level were classified into two groups, 1.00-1.99 and 2.00 and above, or those with income from one to just under two times above the poverty level and those with income two or more times above it.[7]

Each of the Asian groups was analyzed separately controlling for specific periods of immigration. Although space precludes elaboration in tabular form, discussion of various trends or findings will be noted.

SOCIAL AND DEMOGRAPHIC CHARACTERISTICS OF THE NEW ASIAN IMMIGRANTS

Who are these new Asian immigrants? How do they compare to the U.S. population? Table 2 presents the social and demographic characteristics of the post-1965 Asian immigrants by

7. Ibid., app. K, pp. 33-38.

region of birth and the corresponding figures for the total U.S. population. Both the Asian immigrant population and the U.S. population have more females than males, but the imbalance is greater for the Asian population. For specific countries, however, only the traditional immigrant populations—the Chinese, Japanese, Koreans, and Filipinos—had a sex distribution with more females than males. For the refugee-turned-immigrant Asian populations—the Vietnamese, Kampucheans, and Laos—a greater proportion of their respective populations are male. Noting the lack of availability of accurate data, Kim estimates that since the end of World War II, approximately 200,000 Asian women, better known as war brides, have immigrated to the United States.[8] A rough estimate of the number of Asian women who might be brides of Americans, particularly of American servicemen, and who immigrated from 1966 to 1981 is about 72,000.[9]

The Asian immigrant population is much younger than the U.S. population. Only about 4 percent of the Asian population is over 65 years of age compared with about 19 percent of the U.S. population. This proportion ranges from 1 percent to 6 percent for specific Asian immigrant groups. Most dramatic is the high proportion of the Vietnamese, Kampucheans, and Laos below 18 years of age, from 39 percent to 51 percent. A greater proportion of the Chinese, Japanese, Korean, and Filipino populations than the U.S. population are 25 to 44 years old. Separate analyses suggest that the more recent the period of immigration, the greater the proportion of young immigrants.

The post-1965 Asian immigrants are about half as likely to be divorced, separated, or widowed than the U.S. population. Overall, a greater proportion of the Asian immigrant population is single. For the traditional Asian immigrants, with each succeeding immigration period the proportion that was single increased. This suggests a family chain migration process: once citizenship is attained by an individual, after a minimum five-year residence, his or her relatives move up on the priority list for entrance into the United States. For the other Asian groups, the proportion of unmarried immigrants has remained relatively stable. Quite possibly, as these refugees-turned-immigrants become naturalized, a family-chain migration will also develop.

The Asian immigrant population is highly concentrated regionally. About 52 percent of the total Asian population, compared to about 28 percent of the U.S. population, resides in the western states. Although the residential patterns for the specific Asian groups differ, at least 43 percent of each group resides in the western states. With the exception of the Japanese, the major state of residence

8. Bok-Lim Kim, "Asian Wives of U.S. Servicemen: Women in Shadows," *Amerasia Journal*, 4(1):91-115 (1977).

9. The estimate of the number of Asian women immigrants who might be brides of American servicemen was calculated as the sum total of Vietnamese women who immigrated as spouses of American citizens between 1966 and 1981—9412—plus half the total of Filipino (65,297), Korean (39,076), and Japanese (22,526) women during this same period. Only half of these populations were selected in order to account for family-chain migration, sex ratios of the Filipino population in the United States, and the possibility that these women might share the ancestry of their spouses. The data for 1978 were not available. See U.S., Department of Justice, *Immigration and Naturalization Service Annual Report* (Washington, DC: Government Printing Office, 1966 through 1977); idem, *Immigration and Naturalization Service Statistical Yearbook* (Washington, DC: Government Printing Office, 1979 through 1981).

TABLE 2

SOCIAL AND DEMOGRAPHIC CHARACTERISTICS OF THE TOTAL U.S. POPULATION AND POST-1965 ASIAN IMMIGRANTS BY REGION OF BIRTH FOR SELECTED PERIODS, 1961-81 (Percentage)

		Region of Birth							
	U S Population	Asia	China*	Japan	Korea	Philippines	Vietnam	Kampuchea	Laos
Sex									
Male	48	45	48	42	40	42	51	53	53
Female	52	55	52	58	60	58	49	47	47
Age									
0-18	19	26	20	19	32	20	41	39	51
19-24	10	12	13	10	10	10	15	16	14
25-44	32	45	46	58	45	50	34	36	27
45-64	20	12	15	11	10	14	8	7	6
65 and over	19	4	6	1	3	6	2	1	1
Marital Status									
Single	31	42	40	37	42	36	59	53	58
Married	53	51	54	57	52	57	35	42	39
Divorced or widowed	15	6	6	6	6	7	6	5	4
Region									
Northwest	29	19	30	22	20	12	8	13	9
North central	18	14	10	12	18	13	13	18	31
South	24	16	13	14	19	11	31	15	14
West	28	52	47	51	43	63	48	54	46
State									
California	21	39	39	38	30	48	36	35	24
Hawaii	1	5	2	43	3	10	1	1	3
New York	14	11	21	14	10	6	2	0	2
Rest of United States	64	45	38	5	56	36	61	64	70
Residence									
Central city	33	46	55	38	37	46	42	54	47
SMSA† —not central city	35	36	32	43	41	38	34	25	23
Mixed SMSA	21	13	10	14	16	11	17	17	22
Not SMSA	10	5	3	5	5	5	7	4	8

SOURCES Sample A one-in-one-thousand file and Sample A 5 percent file of the 1980 U S Census Public Use Microdata Sample, Bureau of the Census, U.S. Department of Commerce, Washington, DC

NOTES The *N*s are as follows U S population, 19,195; Asia, 18,586, China, 20,045, Japan, 5952; Korea, 13,859; Philippines, 20,983, Vietnam, 11,351; Kampuchea, 658; Laos, 2058

*Includes Taiwan and Hong Kong

†"SMSA" stands for standard metropolitan statistical area

of the post-1965 Asian immigrants is California. About 39 percent of the post-1965 Asian immigrant population—from 24 percent to 48 percent for specific Asian groups—resides in California, compared to 21 percent of the U.S. population. The Lao population is the most evenly geographically dispersed Asian group.

The post-1965 Asian population is also a highly urbanized population. About 46 percent of the Asian population, compared to 33 percent of the total U.S. population, resides in central cities. Korean and Japanese immigrants are the least urbanized, whereas the Chinese are the most urbanized. Combining the proportions of those who live in a central city and in a standard metropolitan area, the post-1965 Asian population is more urbanized than the United States as a whole, 82 percent versus 68 percent. For the traditional Asian immigrants, the more recent their arrival, the slightly greater the tendency to live in an urban area. For the refugees-turned-immigrants, however, the residential pattern has remained relatively stable.

SOCIOECONOMIC CHARACTERISTICS OF THE NEW ASIAN IMMIGRANTS

How do the post-1965 Asian immigrants fare socioeconomically compared to the total U.S. population? In order to answer this question, much of the analysis here will deal only with males between the ages of 25 and 65 years. Because the socioeconomic characteristics of females are markedly different from males, separate analysis is necessary.[10] The age limitation was imposed to deal with those who are actively participating in the labor force. By age 25, most should have finished their education and, by age 65, most would have retired.

The distribution of the major educational categories in Table 3 shows that Asian male immigrants are a very highly educated population. The proportion of Asian immigrants with college degrees and with postgraduate training is almost double the U.S. proportion. Immigrants from China, Japan, Korea, and the Philippines have a much higher proportion and immigrants from Vietnam, Kampuchea, and Laos have a lower proportion of their respective populations in these educational categories than the national average. Separate analyses found that the earlier Asian immigrants, who came between 1965 and 1969, had even higher proportions graduating from college or with postgraduate education than the more recent Asian immigrants.

Another indicator of educational achievment is the mean number of years of schooling completed. Post-1965 Asian immigrants had completed about two more years of schooling than their U.S. counterparts. Only immigrants from Kampuchea and Laos had completed fewer years of schooling than the U.S. average. Earlier immigrants tend to have completed slightly more years of schooling than the more recent immigrants.

The labor force participation rate for male Asian immigrants 16 years of age and over is slightly higher than the U.S. average. These findings may be partly a reflection of the age distribution. For specific groups, the traditional Asian immigrants had higher rates, whereas

10 Morrison G. Wong and Charles Hirschman, "Labor Force Participation and Socioeconomic Attainment of Asian-American Women," *Sociological Perspectives*, 26:423-46 (1983).

TABLE 3

SOCIOECONOMIC CHARACTERISTICS OF THE TOTAL U.S. POPULATION AND POST-1965 ASIAN IMMIGRANTS 25 TO 65 YEARS OF AGE, BY REGION OF BIRTH (Percentage)

	U.S. Population	Region of Birth							
		Asia	China*	Japan	Korea	Philippines	Vietnam	Kampuchea	Laos
Males employed full-time									
Education									
No school	2	2	4	1	0	0	2	4	6
Elementary	11	4	7	1	2	3	3	7	13
Some high school	17	8	10	4	6	7	10	18	19
High school graduate	27	17	15	17	20	14	28	18	28
Some college	16	18	12	12	15	22	32	30	18
College graduate	12	24	15	46	32	26	10	7	9
Postgraduate	16	28	36	20	24	27	14	16	7
Mean years of schooling	(12.4)	(14.4)	(14.1)	(15.2)	(14.9)	(14.8)	(13.2)	(12.2)	(10.7)
Labor force									
Participation rate†	71	76	74	77	77	84	66	59	50
(N)	(7,673)	(26,065)	(8,256)	(1,987)	(3,934)	(10,431)	(2,516)	(241)	(605)
Occupation									
Executive manager	15	17	16	37	16	14	8	9	4
Professional	13	22	28	19	21	20	13	11	4
Technical worker	3	8	8	7	5	8	12	7	3
Sales worker	8	7	6	8	16	4	3	—	7
Administrative support staff	7	8	5	6	4	16	8	7	2
Service worker	9	14	24	10	5	11	6	14	9
Farm worker	3	1	0	2	1	2	1	2	4
Crafts worker	21	12	7	7	16	12	22	21	28
Operative	21	12	6	4	16	13	24	30	38
(N)	(2,905)	(9,490)	(3,162)	(980)	(1,519)	(2,692)	(1,025)	(44)	(68)

Class of worker									
Private	73	73	76	84	67	66	86	91	87
Government	13	15	9	7	10	28	10	7	7
Self-employed	14	12	14	8	28	5	4	2	6
Income									
Wage/salaries (in thousands)	$17 7	$16.5	$15 8	$17 6	$15.8	$16.1	$13.6	$11.7	$11.2
Total Earnings (in thousands)	$20 4	$18 6	$18 1	$26 3	$20.5	$17.4	$14.4	$12.3	$12.4
Poverty status									
Less than 1.00		19	20	14	13	6	36	61	
1.00-1.99		21	23	14	23	18	24	16	
2.00 and over	$18.9	60	57	72	64	77	40	23	$8.2
(N)	(19,195)	(18,172)	(19,475)	(5,704)	(13,638)	(20,597)	(11,159)	(638)	(2,052)
Total population	14								70
Family income	23								18
Average (in thousands)	63	$21.1	$19.4	$21 3	$22 0	$27.0	$16.0	$10.6	11
(N)	(18,697)	(18,586)	(20,045)	(5,902)	(13,859)	(20,983)	(11,351)	(658)	(2,019)

SOURCES Sample A one-in-one-thousand file and Sample A 5 percent file of the 1980 U S Census Public Use Microdata Sample.

NOTES. The sums of the subtotals are slightly different from the totals due to rounding error. Except where otherwise noted, the *N*s are as follows: U.S. population, 2959; Asia, 9977; China, 3167; Japan, 984; Korea, 1542, Philippines, 3144; Vietnam, 1028; Kampuchea, 44; and Laos, 68.

*Includes Taiwan and Hong Kong

†For males 16 years of age and older.

the refugee-turned-immigrant Asian population had equal or lower labor force participation rates. The labor force participation rate of all the Asian groups declined in the more recent immigration period.

Partly as a consequence of their higher educational achievements, Asian immigrants tend to be slightly more advantaged occupationally than their American counterparts. About 22 percent of the Asian immigrants, compared to 13 percent of the U.S. population, are involved in professional occupations. Except for the Kampucheans and Laos, each of the Asian immigrant groups has an equal or greater proportion of its respective population employed as professionals or executive managers than the U.S. population. Another indicator of occupational advantage is the proportion involved in white-collar occupations. From 62 to 77 percent of the Chinese, Japanese, Korean, and Filipino male immigrants, compared to about 46 percent of the U.S. population, were involved in white-collar occupations. With each successive time period and for all Asian groups, however, the proportion of Asian immigrants in these occupational categories has declined.

Asian immigrants have roughly similar worker classification characteristics to those of the U.S. population. All of the Asian groups, except for the Koreans and Filipinos, have a slightly greater proportion of their populations working for a private firm than the U.S. average. About 28 percent of the Korean immigrants are self-employed, the highest percentage of any group.

A measure of socioeconomic well-being is income. Asian male immigrants tend to earn less in wages and/or salaries than their American counterparts. The Japanese immigrants are the only Asian immigrant group to earn about as muc as the American average. Separate anal ysis found that, with the exception of th Kampucheans and Laos, whose number are too small to make any conclusiv statement, those who arrived betwee 1965 and 1969 earn more than th national average or more than recen immigrants. In terms of total income Asian immigrants also tend to earn les than their American counterparts. Fo specific groups, however, the total incom of Asian immigrants exceeds that o Americans on the whole. The Japanes immigrants earned about $6000 mor and the Koreans earned about the sam as the American average. As with wage and salaries, the earlier Asian immi grants tend to have total earnings no only greater than the more recent immi grants, but also greater than the Ameri can population.

The findings for the last two indi cators of economic well-being are fo the total population—not just males— between the ages of 25 and 65. On indicator is the proportion of a give population below the poverty level, or at the other extreme, the proportion a least twice removed from the povert level. In general, a slightly greater pro portion of the post-1965 Asian immi grant population than the U.S. popu lation is below the poverty level. A tremendously high proportion of Viet namese, Kampuchean, and Lao immi grants are below the poverty level. A the other extreme, the proportion o Japanese and Filipino immigrants tha is twice or more removed from the poverty level is about 9 percent to 14 percent higher than the U.S. population. For all Asian immigrant groups the trend is that the more recent the group, the greater the proportion below the poverty level.

In general, the family income of the Asian immigrants is about $2000 higher than that of the general U.S. population. This may be due to multiple workers in the household as well as the immigrants' concentration in urban areas, where wages tend to be higher. Furthermore, it should be noted that much of the general Asian advantage in family earnings is accounted for by the high family earnings of traditional Asian immigrants. Noteworthy is that the average family income of the Filipinos was about $8000 higher than the U.S. average. This high figure may be explained by multiple earners in the household and the high proportion of immigrant Filipino women in the professional ranks, especially as nurses.[11] The Vietnamese, the Kampucheans, and especially the Laos have family earnings well below the national norm. Separate analyses suggest that the longer the Asian immigrants are in the United States, the higher their family earnings.

SOCIAL ADJUSTMENT OF THE RECENT ASIAN IMMIGRANTS

We can now ask, How are the Asian immigrants adjusting to American society? The U.S. census allows us to look only at certain variables in an attempt to provide some insight into this question.

In Table 4 we note that about 92 percent of the post-1965 Asian immigrants, compared to 53 percent of the U.S. population, spoke a foreign language at home. The more recent the Asian immigrants, the higher the proportion that spoke a foreign language at home.

Speaking a foreign language at home does not necessarily mean that the individual does not speak English. It may be the case that the individual is truly bilingual, speaking a foreign language at home, but English in the work place or in his or her interactions with the greater society. The data seem to bear this out. Although a greater proportion of the U.S. population than the Asian immigrant population speaks English very well, the proportion of Asian immigrants speaking English well and very well is equal to the combined corresponding proportions of the total U.S. population. Only three Asian immigrant groups—the Chinese, Kampucheans, and Laos—had a greater proportion of their respective populations not speaking English than the general U.S. population. Again, the trend is that the more recent Asian immigrants are more likely to report that they do not speak English or speak it well.

There is a common belief among many that the fertility rate of the immigrant population is two to three times higher than that of the general U.S. population. For Asian immigrants, this perception is only partially true. The number of children born to Asian women 16 years of age or older is about equal to the national norm. In fact, the average number of children for the Chinese, Japanese, and Korean immigrants was slightly lower than the national average. Analyses by immigration period suggest that more recent Asian immigrant women tend to have slightly more children than those who immigrated at an earlier date.

Home ownership is part of the American dream, and about 60 percent of the U.S. and 50 percent of the Asian population are realizing this dream. Variations can be noted among the Asian groups. At least 50 percent of the Chinese, Koreans, and Filipinos own their

11. Ibid.

TABLE 4
SOCIAL ADJUSTMENT CHARACTERISTICS OF THE TOTAL U.S. POPULATION AND POST-1965 ASIAN IMMIGRANTS BY REGIONS OF BIRTH (Percentage)

		Region of Birth							
	U.S Population	Asia	China*	Japan	Korea	Philippines	Vietnam	Kampuchea	Laos
Language spoken									
Foreign	53	92	96	90	86	89	95	98	99
English	47	8	4	10	14	11	5	2	1
(N)	(18,834)	(18,351)	(19,906)	(5,819)	(13,594)	(20,874)	(11,108)	(629)	(1,923)
Ability to use English									
Very good	40	34	30	28	28	57	20	7	5
Good	29	35	34	41	39	34	37	22	18
Not good	21	22	23	26	27	8	32	55	45
None	10	8	12	4	6	1	10	16	31
(N)	(10,042)	(16,830)	(19,076)	(5,257)	(11,763)	(18,520)	(10,588)	(618)	(1,897)
Number of children†									
Average number	2 8	2 9	2 7	2 0	2 5	3 2	3.4	3.5	3.9
(N)	(12,880)	(5,264)	(14,539)	(1,843)	(4,116)	(6,812)	(2,346)	(126)	(415)
Tenure									
Owner	60	49	50	33	54	61	35	18	6
Renter or no cash rent	40	52	49	67	46	39	65	81	94
(N)	(18,659)	(18,110)	(19,345)	(5,678)	(13,633)	(20,516)	(1,160)	(647)	(2,013)
Mortgage									
Average monthly payment	$330	$469	$474	$410	$491	$487	$401	$451	$366
(N)	(5,681)	(6,172)	(6,405)	(1,286)	(504)	(9,131)	(2,943)	(83)	(98)
Rent									
Average monthly payment	$279	$305	$277	$411	$306	$288	$313	$296	$280
(N)	(7,001)	(8,851)	(9,264)	(3,643)	(5,999)	(7,385)	(6,958)	(504)	(1,763)

SOURCES: Sample A one-in-one-thousand file and Sample A 5 percent file of the 1980 U.S. Census Public Use Microdata Sample.
NOTES: The sums of the subtotals are slightly different from the totals due to rounding error
*Includes Taiwan and Hong Kong
†Females 16 years of age and older

homes. More recent immigrants are more likely to be renters than owners.

Post-1965 Asian immigrants pay about $140 more in monthly mortgage payments than the average for the U.S. population; moreover, they pay about $26 more in monthly rent than their U.S. counterparts.

IMPLICATIONS AND CONCLUSIONS

In attempting to answer the question, Who are these new Asian immigrants? this study seems to suggest that they are a heterogeneous population for which generalizations must be viewed with caution. For strictly analytical purposes, they may be divided into two major groups. The first group consists of Asian immigrants, such as the Chinese, Japanese, Filipinos, and Koreans, who have a tradition of immigration to the United States. As a consequence, they are better able to take advantage of the social and economic opportunities available to them, either through their own human capital resources or through the support of established ethnic enclaves. The second Asian group is the refugees-turned-immigrants—the Vietnamese, Kampucheans, and Laos—who arrived more recently under special circumstances. They have fewer human capital resources and no established ethnic enclave for support.

What are the general implications of this study? What conclusions and what projections may be surmised? This last section will present some of the major implications of this study for policymakers, for the new Asian immigrants themselves, and for American society at large.

First, unless major immigration reform is initiated, the general immigrant stream to the United States, and particularly from Asian countries, will continue to increase significantly. We can expect that immigration from the traditional Asian immigrant countries, such as China, the Philippines, and Korea, will continue to rise mainly due to the effects of family-chain migration. For the refugees-turned-immigrants—the Vietnamese, Kampucheans, and Laos—one might expect an initial decline in the number of immigrants, as many came under special circumstances in the late 1970s and early 1980s. Later, during the late 1980s, a gradual increase in numbers is projected due to higher fertility rates and as a family-chain pattern of migration begins to develop. Because much of the recent immigration to the United States has been from Third World countries, immigration from Japan will continue to be slight. Indications of the beginning of a family-chain pattern of migration for all new Asian immigration is evident. The more recent Asian immigrants tend to be increasingly single, younger, and less skilled occupationally than the earlier Asian immigrants.

Projections suggest that the continued increase in total immigration to the United States—the largest proportion being Asian—will account for as much as half of the annual growth in the U.S. population and probably an even greater percentage of the real growth of the labor force.[12] The Asian population is the nation's fastest-expanding ethnic minority, as measured by growth through birth and legal immigration. By 2010, the Asian population is expected to have doubled. The question of whether or not American society can absorb this con-

12. Vernon M. Briggs, Jr., "Employment Trends and Contemporary Immigration Policy," in *Clamor at the Gates: The New American Immigration*, ed. Nathan Glazer (San Francisco: ICS Press, 1985), p. 145.

tinued influx of Asian immigrants, and, if not, just how much it can absorb is a topic that must be addressed in future research.

The new Asian immigrants are regionally concentrated on the West Coast, particularly in California, and in major metropolitan centers in these states. Thus, the burden of accommodating the growing numbers of these new immigrants has not been evenly dispersed. Only a few states and a handful of cities have borne the brunt of dealing with this tremendous deluge of new immigrants since 1965. The impact on the education, economic, and social service delivery agencies in these areas is significant. Makers of social policy at the federal, state, and local levels should be attuned to the tremendous continued influx of these new Asian immigrants and the impact, both positive and negative, they will have in the policymakers' particular area of jurisdiction. For example, the relative youthfulness of the immigrants may lead to increased enrollment in schools, an especially noteworthy development when most of the country is experiencing declining student enrollments. The lack of facility with the English language among these immigrants may lead to the expansion of present bilingual or bicultural staff and programs to meet the needs of these new students. Next to Hispanic Americans, Asian Americans—especially those from Vietnam, Kampuchea, and Laos—are the second largest group involved in bicultural and bilingual programs. The projected increase and changing class characteristics of these populations could place a greater demand on educational staff and facilities. The continued increase, under the family-reunification criterion, in the number of new Asian immigrants, who tend to be less educated, less skilled, and lacking facility with the English language, might also require the development and expansion of bilingual or bicultural social service agencies to aid in their social and economic adjustment. These are but a few of the possible impacts.

The occupational distribution of the post-1965 Asian immigrants is radically different from that of the general U.S. population. Partly as a reflection of their high educational achievements, the Asian distribution tends to be skewed toward professionals, executive managers—proprietors—and white-collar occupations. Probably because of family reunification, the more recent immigrants tend to be less involved in these occupational categories. As previously mentioned, there is a strong clustering of Asian immigrants in select local labor markets within the central cities of a few large states.[13] As a result, increased competition for jobs with the indigenous population may exist, especially for lower-skilled occupations. However, evidence seems to suggest that for the white-collar occupations, the competition for employment opportunities is more broadly based. Very little actual job displacement of the native-born population occurs because many of the jobs in which Asian immigrants are involved—white-collar jobs—are jobs that have become more numerous in recent years.[14]

In sum, the general level of socioeconomic status among the new Asian immigrants surpasses that of the general U.S. population, especially those of

13. Ivan Light, "Immigrant Entrepreneurs in America: Koreans in Los Angeles," in *Clamor at the Gates*, ed. Glazer, pp. 161-78.

14. Thomas Muller, "Economic Effects of Immigration," in *Clamor at the Gates*, ed. Glazer, pp. 118-19.

other immigrant and minority groups. This novel situation is referred to as leapfrog migration, in which the new immigrants assume middle, rather than lower, positions on the socioeconomic ladder.

It is surprising that despite their higher educational achievements and occupational attainments, the average total income of the new Asian immigrants is lower than that of their U.S. counterparts. One implication is that discrimination, in terms of unequal returns for human capital resources, against Asian immigrants still existed in 1980, at least at the aggregate level.[15] However, it should be noted that the average income of the early Chinese, Japanese, Korean, Filipino, and Vietnamese immigrants, who came to the United States between 1965 and 1969, was higher than the national average. Hence, it may be that the longer immigrants reside in the United States, the more acculturated they become, and, as a consequence, the better they are able to take advantage of the available economic opportunities. This finding is supported by other studies that found that, although the earnings of immigrants were initially below that of the native-born population, the difference tends to vanish gradually after 11 to 15 years. After 20 years, immigrants' earnings surpass those of the native-born population.[16] However, future research is needed to ascertain whether Asian immigrants are receiving equal returns for their human capital resources.[17]

Many scholars of the Asian experience in the United States have labeled the Asians as model minorities, a group that has made it.[18] Such a label seems premature. The proportion of the Asian population below poverty is higher than the national norm and for the Vietnamese, Kampucheans, and Laos, the figure is significantly higher. A greater proportion of the more recent immigrants arriving under the family-reunification criterion are below poverty level. The higher fertility rate of women from Vietnam, Kampuchea, and Laos, especially among the more recent immigrants, exacerbates the problem. These Southeast Asian refugees currently are intensive users of such public services as language programs, health care, and job

15. Morrison G Wong, "The Cost of Being Chinese, Japanese, and Filipino in the United States: 1960, 1970, and 1976," *Sociological Perspectives*, 27:197-217 (1982); idem, "Changes in Socioeconomic Status of the Chinese Male Population in the United States from 1960 to 1970," *International Migration Review*, 14:511-24 (1980), Robert M Jiobu, "Earnings Differentials between Whites and Ethnic Minorities: The Cases of Asian Americans, Blacks, and Chicanos," *Sociology and Social Research*, 61.24-38 (1976); Wen H. Kuo, "Colonized Status of Asian-Americans," *Ethnic Groups*, 3(3):227-51 (1981); Eric Woodrum, "An Assessment of Japanese American Assimilation, Pluralism and Subordination," *American Journal of Sociology*, 87:157-69 (1981).

16. David S. North, *Seven Years Later: The Experiences of the 1970 Cohort of Immigrants in the United States*, B. and D. Monograph no. 71 (Washington, DC: Department of Labor, 1979); Barry Chiswick, "The Economic Progress of Immigrants: Some Apparently Universal Patterns," in *Contemporary Economic Problems*, ed. W. Fellner (Washington, DC American Enterprise Institute, 1979), pp. 357-99; idem, "The Effect of Americanization on the Earnings of Foreign-Born Men," *Journal of Political Economy*, 86:897-921 (1979).

17 Charles Hirschman and Morrison G. Wong, "Socioeconomic Gains of Asian-Americans, Blacks, and Hispanics. 1960-1976," *American Journal of Sociology*, 90.584-607 (1984).

18. William Petersen, *Japanese Americans* (New York: Random House, 1971), pp. 113-22; U.S., Commission on Civil Rights, *Social Indicators of Equality for Minorities and Women* (Washington, DC: Commission on Civil Rights, 1978); Harry Kitano and Stanley Sue, "The Model Minorities," *Journal of Social Issues*, 29:1-9 (1973)

training. Moreover, they have very high welfare-recipiency rates, being almost totally dependent on direct governmental support or on programs funded primarily, if not exclusively, by federal departments for their survival.[19] One study estimated that approximately 60 percent of the Indochinese—a proportion much higher than proportions experienced by most other populations—were receiving assistance from the Refugee Cash Assistance program, Supplemental Security Income, or Medicare and food stamps.[20] Thus, wherever they settle, they have a pronounced effect on the demand for public services. Without assistance from social agencies or the support from various levels of government to develop and expand programs to address this situation, the existence of this segment of the Asian population in permanent poverty is a distinct possibility.

One hundred years ago, this current tremendous influx of Asian immigrants to the United States would have aroused fear, outcries of "the invasion of the yellow horde," and accusations of the "unassimilability of the Mongol race" among the white majority group. Today the patterns and dynamics of racial relations have changed significantly, although there is always room for improvement. Sporadic flare-ups of racial antagonism and bigotry still occur. However, the Asian immigrants are, to a large extent, accepted—or at least tolerated. The stereotypes of Asians have slowly changed from predominantly negative to neutral or slightly positive at best. Slowly, Asian immigrants are changing the character of American society—its racial and ethnic makeup, its landscape and cityscape, and its tastes in food. They are entering American society, where the emphasis has shifted from forced assimilation to token pluralism. Unfortunately, as history informs us, the tides of tolerance and acceptance of immigrants and minorities in the United States can ebb depending on our society's social and economic situation or on its relationship with the sending nations in the international arena.

Future assimilation of the new Asian immigrants is not likely. They will most probably always be hyphenated Americans. Their future acculturation into American society is partially dependent upon the orientations and aspirations of the new Asian immigrants themselves, but it is also dependent largely on the ebb and flow of the United States' societal tides.

19. Peter I. Rose, "Asian Americans: From Pariahs to Paragons," in *Clamor at the Gates*, ed. Glazer, p. 203; Kevin F. McCarthy, "Immigration and California: Issues for the 1980s," Rand Paper Series P-6846 (Santa Monica, CA: Rand Corporation, 1983).

20. David S. North, "Impact of Legal, Illegal, and Refugee Migrations on U.S Social Service Programs," in *U.S. Immigration and Refugee Policy: Global and Domestic Issues*, ed. Mary M. Kritz (Lexington, MA: Lexington Books, 1982), pp. 269-86.

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Bilingualism and Separatism

By JOSHUA A. FISHMAN

ABSTRACT There is little solid evidence of separatism resulting from provision of governmental services to minority groups in their own languages, whether in the context of the territoriality principle or in the context of the personality principle. In general, the roots of separatism lie not in language but in minority-majority relations more broadly conceived. The problems popularly attributed to bilingualism are problems of social and economic development, control, and incorporation, superposed upon ethnolinguistic, racial, and religious differences. Without such superposition, problems of communication are solved, rather than created, by bilingualism. Intergroup problems will not disappear merely because sidestream languages are not recognized, nor are they caused merely because such languages are utilized for governmental services to minorities.

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BEGINNING with the ethnic revival of the mid-sixties, many ethnolinguistic minorities in several Western democratic polities—whether these minorities were indigenous or immigrational in origin—came to be accommodated via a variety of governmental services in their mother tongues.[1] Such accommodations had occasionally occurred before, of course, but in a more limited number of polities, in connection with fewer governmental services, and for shorter periods of time.

By the mid-seventies such accommodations—governmental utilization of minority languages—came to be increasingly questioned by mainstream spokespersons who felt that they threatened the state of the union, the very central, integrating institutions and traditions of modern, supra-ethnic society.[2] On occasion, they were also questioned by minority spokespersons as well, who feared that they actually furthered disadvantaged statuses associated with separation from the mainstream.[3] This article will examine the former issue, although it is the latter issue—intergenerational poverty—that is probably the more intractable, both analytically and programmatically.

BILINGUALISM

Both of the terms in the title of this article have entered into the store of common knowledge and use and, accordingly, are surrounded by hefty portions of common ignorance and emotion. "Bilingual" has become, at least in the United States, a euphemistic code word for ascribed membership in a minority ethnolinguistic group. The individuals to whom this label is attached may actually be unaware of or disclaim any such membership and may even be monolingual in the mainstream language. Similarly, mainstream individuals who have acquired facility in several languages other than that of the central, integrative ethos are not viewed as bilingual since they do not function within the usual problem nexus of this term. Such individuals are not a social problem. The accommodative governmental practices are not intended for them. Their bilingualism is an individually acquired skill, rather than a societally patterned stigma or something suspected as having unsavory political significance.

Such use—or restriction—of the term "bilingual" must be acknowledged because it very clearly reveals the intergroup, minority-majority nature of the problem that concerns us. Bilingualism becomes an issue precisely because intergroup relations are at issue in connection with access to resources and the focus of control over their allocation.

A language other than the integrative sociocultural and econotechnical medium becomes symbolic of an aggregate that is not integrated with or is differentiated from the power center. If the members of this aggregate were, indeed, bilingual then they could, by and large, be served via the centrally integrative medium, unless this use were contraindicated for ideological reasons indicative of intergroup tensions. Thus it is the governmental institutionalization and, therefore, stabilization of minority languages

1. Joshua A. Fishman et al., *The Rise and Fall of the Ethnic Revival* (Berlin: Mouton, 1985).

2. Noel Epstein, *Language, Ethnicity and the Schools: Policy Alternatives for Bilingual-Bicultural Education* (Washington, DC. Institute for Educational Leadership, 1977); John Edwards, "Language Diversity and Identity," in *Linguistic Minorities, Policies and Pluralism*, ed. John Edwards (London. Academic Press, 1984), pp. 277-310.

3. R. Rodriguez, *Hunger of Memory* (New York: Bantam Books, 1983).

that is at issue in connection with bilingualism. The issue is whether governments should be bilingual—should recognize, implement, and foster bilingualism, in a particular intergroup context—that is often the butt of public contention, on the one hand, and of language policy, which is but a reflection of intergroup policy, on the other hand.[4]

The extent of governmental bilingualism is a variable. It may be transitional only, that is, implemented only for a few years, during which time a newly arrived—or newly recognized—minority can be encouraged to adapt to the integrative medium.

On the other hand, governmental bilingualism, in which minority or other so-called peripheral populations are offered services in their own languages, may be continued for an appreciable period of time. Extended services would foster among such populations a relatively permanent—lasting three generations or longer—widespread, among those benefiting from such services, and functionally specific form of societal bilingualism known as diglossia.[5] Centrally nonintegrated ethnolinguistic populations may come to associate their own languages with home and family, elementary education and local government, commerce and industry. On the other hand, higher education, central government, and nationwide commerce and industry may come to be associated with the integrative language. If such arrangements continue for at least three generations, we may say that both bilingualism, at the individual level, and diglossia, at the societal and governmental levels, obtain. This type of arrangement may be developed into a more exclusive pattern insofar as sidestream populations are concerned. These populations may actually be almost completely monolingual in their own languages, utilizing them exclusively for all aspects of daily life, and only a relatively small civil service class may be bilingual, ready to offer each ethnolinguistic aggregate services in the particular language it requires. In this case, we may say that the government is diglossic but that the various populations it serves are each, respectively, monolingual. In this article, when we speak of governmental bilingualism we will specify which type is involved, since, as we have tried to indicate, a continuum, rather than an all-or-none situation, obtains in this connection in the real world.

SEPARATISM

Just as was the case with "bilingualism" so it is with the term "separatism." It is not a transparent, crystal-clear term, but one that has hidden within it various gradations and dimensions. If we were to consider it as referring only to political independence, then we would restrict it only to its most extreme representation, since political independence implies the maximum of sociocultural and econotechnical separation in our necessarily highly interdependent world.

Lesser degrees of separatism are represented by autonomism, in which the conduct of foreign affairs is entrusted to the central authorities, as is a degree of economic planning and coordination, with the autonomous regions reserving

4. David Marshall, "The Question of an Official Language: Language Rights and the English Language Amendment," *International Journal of the Sociology of Language*, vol. 60 (1986).

5. Joshua A. Fishman, "Bilingualism and Biculturalism as Individual and as Societal Phenomena," in *The Rise and Fall of the Ethnic Revival*, by Fishman et al., pp. 39-56.

for themselves ultimate authority in the realms of ethnocultural and local econotechnical affairs. Even lesser degrees of local self-determination are represented by various federational systems in which localities retain taxation privileges pertaining to local matters only to the extent that central authorities permit. All decentralized political systems, therefore, represent varying degrees of local autonomy. Nevertheless, it is only complete political separation and the turmoil inherent in its pursuit and attainment that normally receive attention in conjunction with discussions of bilingualism. The underlying, implicit issue in these discussions is whether governmentally sponsored bilingualism, providing services for ethnolinguistic minorities and permitting them access to civil participation in their own languages, will foster intergroup conflict and lead to separatism or attempts to attain political separation.

Although we will certainly pursue this issue as it has commonly been understood, we also expect to examine various other accommodations to and consequences of bilingualism, both in theory and in practice, at the polity level.

LINGUISTIC HETEROGENEITY IN CROSS-POLITY PERSPECTIVE

Two of the earlier cross-polity surveys[6] included linguistic heterogeneity among their variables, thus making it possible to relate such heterogeneity to a whole host of other variables, including some that touch upon civil strife and separatism. Three studies have been reported explicitly examining these very relationships.[7] The first of these demonstrated that linguistic heterogeneity—defined, roughly, as polities in which less than 85 percent of the population has the same native language—is related to a superabundance of social, economic, and political problems.[8] (See Table 1.)

> Linguistically homogeneous polities are usually economically more modernized and ideologically-politically more tranquil and stable. They more frequently reveal orderly, libertarian and secular forms of interest articulation and aggregation, greater division of governmental powers, and less attraction toward personalism and charisma. All in all, linguistic homogeneity characterizes the state in which cultural-religious homogeneity and enlightenment are more advanced, modern forms of heterogeneity via associational, institutional and political groups are fostered and in which the good life is economically within the reach of a greater proportion of the populace. If there is any fly in this ointment it is that some polities have . . . approached these desirable outcomes . [via] more decisive authoritarian guidance.[9]

This study, by Fishman, proceeds to show that all but two of the many advantages of homogeneous polities over heterogenous polities shrink and disappear when per capita gross national product is controlled. This fact leads the author to hypothesize that it is not linguistic heterogeneity that causes the disadvantages with which it is associated but, rather, economic underdevelopment. He further hypothesizes

6. Bruce M. Russett et al., *World Handbook of Political and Social Indicators* (New Haven, CT: Yale University Press, 1964); Arthur S. Banks and Robert B. Textor, *A Cross Polity Survey* (Cambridge, MA: MIT Press, 1963).

7. The three studies are based on Banks and Textor, *Cross Polity Survey*.

8. Joshua A. Fishman, "Some Contrasts between Linguistically Homogeneous and Linguistically Heterogeneous Polities," *Sociological Inquiry*, 36(2):146-58 (Spring 1966).

9. Ibid., p. 152.

TABLE 1
ARRANGEMENT OF POLITIES BY LINGUISTIC HOMOGENEITY-HETEROGENEITY AND PER CAPITA GROSS NATIONAL PRODUCT

Gross National Product	Linguistic Factor: Homogeneous	Linguistic Factor: Heterogeneous
Very high, medium	Australia, France, Luxembourg, New Zealand, Norway, Sweden, United Kingdom, United States, Austria, Denmark, East Germany, German F.R., Iceland, Ireland, Italy, Netherlands, Venezuela, Argentina, Chile, Cuba, Greece, Hungary, Jamaica, Japan, Lebanon, Poland, Uruguay	Belgium, Canada, Switzerland, Finland, Czechoslovakia, Israel, USSR, Bulgaria, Rumania, Spain, Trinidad, Cyprus, Malaya, South Africa, Yugoslavia.
Number	27	15
Low, very low	Albania, Brazil, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua, Portugal, Saudi Arabia, Tunisia, United Arab Republic, Burundi, Haiti, Jordan, Korea N., Korea Rep., Libya, Malagasy, Rwanda, Somalia, Yemen.	Panama, Syria, Turkey, Algeria, Ecuador, Guatemala, Iraq, Peru, Philippines, North Vietnam, Republic of Vietnam, Afghanistan, Bolivia, Burma, Cameroun, Central Africa Rep., Ceylon, Chad, Congo (Bra), Congo (Leo.), Dahomey, Ethiopia, Gabon, Ghana, Guinea, India, Indonesia, Iran, Ivory Coast, Laos, Mali, Liberia, Mauritania, Morocco, Nepal, Niger, Nigeria, Pakistan, Senegal, Sierra Leon, Sudan, Tanganyika, Togo, Uganda, Upper Volta
Number	25	47

SOURCE Joshua A. Fishman, "Some Contrasts between Linguistically Homogeneous and Linguistically Heterogeneous Polities," *Sociological Inquiry*, 36(2) 154 (Spring 1966). Reprinted by permission.

that economic development has tended to undercut linguistic heterogeneity far more than linguistic heterogeneity has tended to hamper economic development. These two directional implications were reexamined by Pool, who concluded, on the basis of more powerful statistical methods, that there was insufficient evidence to accept them or, indeed, to accept the hypotheses diametrically opposed to them.[10]

The two variables that Fishman discovered to characterize linguistically heterogeneous polities even after differences in per capita gross national product had been controlled—partialed out—were, interestingly enough for our present discussion, political enculturation and sectionalism. The first deals with "the presence of significant, politically nonassimilated minorities in extreme opposition" and the second, with the same phenomenon on a territorial basis. Obviously, both of these dimensions

10. Jonathan Pool, "National Development and Language Diversity," *Advances in the Sociology of Language*, vol. 2, ed. J. A. Fishman (The Hague: Mouton, 1972), pp. 213-30.

need not reflect ethnolinguistic differences alone, but may, rather, reflect underlying religious or racial differences as well.

To some extent a study by McRae, based upon data by Gurr, attempts to take this very issue further and to do so in connection with civil strife per se, certainly a dimension that must be of concern to us due to its connection with separatism.[11] Utilizing the same linguistic heterogeneity indices that Fishman employed—those stemming from Banks and Textor's work[12]—McRae concludes that while religious heterogeneity is not significantly related to internal strife, both racial heterogeneity and linguistic heterogeneity are related to higher levels of civil strife, with the relationship between civil strife and linguistic heterogeneity being clearest and strongest of all (see Table 2). Unfortunately, no controls on per capita gross national product were applied.

The Fishman and McRae studies are sufficiently suggestive to deserve a modicum of further discussion. They are both dependent on Banks and Textor for their linguistic heterogeneity data, and therefore it is the validity of these data, the major independent variable for our purposes, that needs to be considered. Note that Banks and Textor do not tell us anything about either bilingualism or diglossia, that is, about the extent to which minorities do or do not also attain fluency in the central, integrative majority language or the extent to which the minority languages are locally recognized for some governmentally conducted functions. Their dichotomy at the 85 percent level is nowhere explained or rationalized, and the figures they employ are either dependent on governmental reports, many of which are suspect, or on expert opinion. Alker and Russett, also utilizing such sources, classify several polities as homogeneous, by the very same 85 percent cutoff, that Banks and Textor classify as heterogeneous.[13] Obviously, there are problems with this variable and any conclusions arrived at in connection with it should be considered tentative, at best. However, the difficulties inherent in refining the linguistic heterogeneity dimension—so as to reflect governmental services and/or societal bilingualism are so great that the more recent cross-polity surveys have tended to ignore this dimension entirely rather than grapple further with it.[14]

POLITICAL SEPARATION AND BILINGUALISM

If we remember that we have reinterpreted bilingualism into one of its manifestations—societal bilingualism accommodated to by governmental agencies in their provision of services—and if we take care to remember that this reinterpretation implies intergroup relations issues that go far beyond language per se, we must come to the conclusion that there are currently, or have been recently, very few instances of sepa-

11. Kenneth D. McRae, *Conflict and Compromise in Multilingual Societies: Switzerland* (Waterloo: Wilfrid Laurier University Press, 1983), p. 24; T. R. Gurr, "A Causal Model of Civil Strife: A Comparative Analysis Using New Indices," in *Anger, Violence and Politics: Theories and Research*, ed. I. K. Feierabend, R. L. Feierabend, and T. R. Gurr (Englewood Cliffs, NJ: Prentice-Hall, 1972), pp. 184-222.

12. Banks and Textor, *Cross Polity Survey*.

13. Howard R. Alker, Jr., and Bruce M. Russett, *Relationships between Paired Indices of Political and Economic Development* (New Haven, CT: Yale University Press, 1964).

14. These surveys begin with Robert B. Textor, *A Cross-Cultural Summary* (New Haven, CT: HRAF Press, 1967).

TABLE 2
AVERAGE LEVELS OF CIVIL STRIFE IN 90 POLITIES FOR VARIOUS COMBINATIONS OF LINGUISTIC, RACIAL, AND RELIGIOUS CLEAVAGES, 1961-65 (UNWEIGHTED MEANS, WITH RANGES IN PARENTHESES)

Language	Homogeneous in Religion				Heterogeneous in Religion				Total, by Language	
	Racially Homogeneous		Racially Heterogeneous		Racially Homogeneous		Racially Heterogeneous			
	N	Mean	N	Mean	N	Mean	N	Mean	N	Mean
Homogeneous	18	6 3 (0 0-13.2)	9	12 2 (4 7-12 9)	9	3 6 (0 0-5.9)	3	6.5 (1.5-10 2)	39	7 1
Weakly hetero-geneous	8	6 0 (0 0-17 8)	1	9.5	0	–	0	–	9	6 4
Strongly hetero-geneous	12	13 2 (5 1-33.7)	1	2 0	18	9 1 (0 0-48 7)	11	11.0 (4 5-20.2)	42	10.6
	Homogeneous				Heterogeneous					
	N	Mean			N	Mean				
Total, by religion	49	9 0			41	8 2				
									90	8 6*
Total, by race	65	8 0			25	10 5				

SOURCE This table has been previously published in Kenneth D. McRae, *Conflict and Compromise in Multilingual Societies, Volume 1: Switzerland* (Waterloo· Wilfrid Laurier University Press, 1983), p. 24. Cf T. R. Gurr, "A Causal Model of Civil Strife· A Comparative Analysis Using New Indices," in *Anger, Violence and Polities: Theories and Research*, ed. I. K. Feierabend, R. L. Feierabend, and T. R. Gurr (Englewood Cliffs, NJ: Prentice-Hall, 1972), pp. 184-222.
*Gurr's full list of 114 cases had a mean of 9.1 and standard deviation of 7.7.

ration on this basis This would not have been the case in the decades just before the turn of the century. At that time, Europe, the most homogeneous continent, was itself awash with separatist movements, particularly in the Austro-Hungarian, czarist, and Ottoman empires, in the first and last of which empires various local services were offered in local languages after the turn of the century.

World War I seems to have been a turning point in connection with such separatism, providing statehood or cultural autonomy for many of the largest aggrieved ethnolinguistic collectivities and often doing so explicitly on a linguistic basis. Although the number of peoples without states still remains high, the more accommodating stance mentioned previously has also tended to foster similar flexibility among minorities, fewer of which are now explicitly engaged in all-out separatist efforts. Aside from the recent nonseparatist program of the Parti Quebecois, thereby removing a very major separatist movement from the ranks, the remaining examples among modern industrial polities are quite small and peripheral. Basque separatism, unreconstructed Irish Republican Army separatism in Ulster, and, even more vestigially, Corsican separatism and vestiges of

Welsh separatism are the last Mohicans of this type of solution in Europe.

Looking elsewhere, there is also little separatism in the Third World, surprisingly little given all of the ethnolinguistic heterogeneity of that world. Tamil separatism in Sri Lanka, Kurdish separatism in Turkey and Iraq, and possibly Sikh separatism in India are the major current examples, although minor examples continue to exist in Africa and elsewhere as well—for example, the movement for Puerto Rican independence.[15]

Far more typical than movements on behalf of separatism are various efforts to bring ethnolinguistic complaints to the attention of the general—often the worldwide—public, either via the United Nations or via nongovernmental organizations specifically established in order to air minority grievances and to pursue their amelioration, primarily on the basis of information, consultation, and persuasion. Examples of the nongovernmental organizations are the Minority Rights Group in London, with its *Report* series; the Federal Union of European Nationalities/International Institute of Ethnic Groups' Rights and Regionalism in Vienna and their joint periodical *Europa Ethnica*; and the Association Internationale pour la Défense des Langues et Cultures Menacées, now tending to work cooperatively with the foregoing organizations. Of course, it is difficult, if not impossible, to gauge the true status of rumored separatist movements in the USSR and its associated states. Among these are Albanian separatism in Kosovo and Ukrainian separatism in the USSR. Clearly, much more than the absence or presence of governmental bilingualism is involved.

What most of the foregoing instances have in common is an extremism that is atypical in the worldwide minority-majority relations perspective, a history of repression and a history of nondemocratic, nonparticipatory central integration. In most settings the separatists are far outnumbered by co-ethnics pursuing nonseparatist routes toward the amelioration of their personal and collective grievances. All in all, the undeniable benefits of centrally guided econotechnical development have taken much of the wind out of the separatist sails, and such sails remain only where benefits have not accrued or where older and larger grievances are overarching. The ability of Flemish and Waloon factions to remain within the same state, rather than opting for separate ministates, is symptomatic of the modern *Zeitgeist* in the arena of minority-majority ethnolinguistic tensions. Complete separatism is an increasingly rare beast.[16] More moderate solutions are much more prevalent.

THE AUTONOMIST SOLUTION AND BILINGUALISM

The extreme separatist solution is, in its pursuit of complete political independence, an extension of the territoriality principle to its logical extreme. The inability of this solution to foster ethnolinguistic autonomy is attested to by the Irish case, in which the language has languished even after the attainment of independence.

15. In the case of Sikh separatism, it is not clear whether we are dealing with separatism along the lines of Bangladesh or with autonomism along the lines of other ethnolinguistic states in the Indian union.

16. Erik Allardt, *Implications of the Ethnic Revival in Modern, Industrialized Society: A Comparative Study of the Linguistic Minorities in Western Europe* (Helsinki: Societas Scientiarum Fennica, 1979).

A weaker implementation of the territoriality principle, one more commonly implemented and frequently successful, is that which seeks a degree of cultural and economic self-regulation, recognizing the hegemony of the center in nationwide and international concerns. Under such arrangements polities are officially multimodal in certain respects while they implement affiliations with the center—and, therefore, monomodality—in other respects. The most common basis for such regional autonomy arrangements is that of ethnolinguistic difference, although religious and economic bases are also often involved. Many of the empires of old functioned in this fashion; note, for example, the references in the Book of Esther to messages sent by the king "to each people in its tongue and to each province in its script." These empires have been referred to as based on a layer-cake principle.

Recent European examples of this approach are Switzerland, Belgium, Spain, Yugoslavia, and the USSR. Canada is an example in the New World, and India and China in the Third. The degree of central domination varies from weak—in Switzerland, Belgium, and Canada—to middling—Spain, India—to strong—Yugoslavia, USSR. Further examples of this approach are the United Kingdom and the Netherlands, where regional ethnolinguistic differences are still recognizable, although considerably muted as a result of population movements and widespread re-ethnification. Even more muted is the case of France, where several ethnolinguistic regions exist—Brittany, Alsace-Lorraine, Provence, and so forth—but are usually not centrally recognized as deserving significant linguistic accommodation, both because of widespread re-ethnification and an undiluted, centuries-old tradition of centralization in almost all sociocultural and econotechnical affairs.

In those polities where the autonomist solution has deepest historical roots—as, for example, in Switzerland—ethnolinguistic strife is extremely minimal. The territorial principle itself helps minimize such strife, since it so clearly guarantees to each language its turf regardless of demographic changes due to migration or birthrate differentials. Presumably, this will be the case in Yugoslavia, Canada, Belgium, and India, once residual problems inherited from earlier periods have been ironed out. Where considerable re-ethnification has already occurred, the benefits to be gained by autonomy pressures for minority languages are less certain. It is not only a safe turf that is at issue, but the re-ethnification and relinguification of many sidestream members, on the one hand, and the major movement of mainstream individuals into the sidestream territories, on the other. The resulting cultural dislocation and change is reminiscent of the Irish dilemma in many respects, and it is clear that ethnolinguistic autonomists are faced by a two-front struggle, one against outsiders and the other against insiders who have become outsiders.

The territorialist autonomist solution is only indifferently applicable to the United States. Puerto Rico can and does benefit from it, given its special status of *estado libre asociado* ("free associated state"), as do American Samoa and various Indian nations to some extent. Otherwise, our states do not really correspond to ethnolinguistic aggregates, and even in the Southwest, with its huge Mexican American concentration, the Anglo population—a catchall term refer-

ring to a variety of mainstream-impacted subcultures, neither Hispanic nor Indian —outnumbers the Chicanos by four or five to one in every state. New Mexico is still constitutionally required, by the treaty of Guadalupe Hidalgo of 1848, to publish its laws in Spanish, but that is a far cry from the full array of governmental allocation of resources to Spanish that cultural autonomists seek. To the extent that territorially based cultural autonomy does exist in the United States its unit must be the local place of residence—town, village, school district—rather than the state or the federal arena, both of which are mainstream, rather than sidestream, focused and dominated.

THE PERSONALITY PRINCIPLE AND BILINGUALISM

Although we have not attempted to enumerate all the polities applying the territoriality principle with any rigor, we have mentioned most of them. It is obvious, then, that there are relatively few such polities. Wherever the territoriality principle is not applied, the personality principle may be applied in conjunction with minority-language services.

This principle operates along demographic, rather than territorial, lines. Wherever there are sufficient speakers of other languages, governmental agencies may make their services available in those languages, either as a matter of law or as a matter of courtesy and public relations. The criterion of sufficiency depends on local cost-benefit notions of critical mass and, ultimately, upon local budgets and precedents in terms of special services of various kinds for the physically or psychologically different—the blind, the crippled, the retarded—who have long been served by government agencies when sufficient demand for such services can be shown to exist.

It is precisely because services based upon the personality principle must constantly be justified in demographic and budgetary terms that this arrangement is, on the whole, less stable over time than arrangements based upon the territoriality principle. It is a principle that normally involves constant central control and approval of the special services that it dispenses. It more rarely permits minority self-management of these services.

All in all, the personality principle is an approach less commonly utilized in connection with indigenous minorities than with immigrant minorities. The former usually have a territorial base of their own; the latter usually do not. Immigrants in sufficient numbers are offered—and these days, increasingly so on a worldwide basis—transitional bilingual services to ease their dislocational problems while they are not yet adequately conversant with the central language.

Separatism is usually not at issue in connection with the recognition of minority languages under the personality principle. The services for thousands upon thousands of *Gastarbeiter* from Southern Europe who have moved to Northern European countries, the services for new Australians and new Canadians are all examples of the personality principle in operation at the present time. There may be problems due to the insufficiency of such services, or their cost, or their quality, or their advisability vis-à-vis social integration or cultural assimilation. These problems, however, are far indeed from the problems of separatism, and any implication that there is an association between

them and separatism is likely to be a political tactic playing upon middle-class insecurities or exploiting problems of resource allocation.[17] Indeed, when mainstream agencies and constituencies discover that they urgently require, for their own benefit, the skills and good will of the immigrant sidestreams, as has recently come to be the case in Anglo-Australia, concerns over separatism are quickly forgotten, minority-language maintenance is explicitly defined to be in the public interest, and the extent of governmental services provided in minority languages—as well as support for minority institutions in their own languages—increases tremendously.[18]

CO-OCCURRENCE OF TERRITORIALITY AND PERSONALITY PRINCIPLES

A minor point to be made in passing, and in conclusion, is that both principles may coexist in polities where the territorial principle is already operative, if and when such polities are also impacted by immigration. Thus, implementing the territoriality principle for its own citizens, Switzerland implements the personality principle for immigrants in general and, in particular, for Italian-speaking foreigners who arrive in its German-speaking cantons. Similarly, having succeeded in obtaining recognition of the territoriality principle for its French-speaking population, Quebec carefully implements the personality principle for its Italian, Portuguese, Greek, and other minority immigrants. The latter are expected to learn French and their schools must teach a constantly increasing number of hours of French per week if they are to be considered "schools in the public interest" and, as such, awarded renewal of their state subsidies.

All in all, it is clear from an international review of these principles that only the territorial principle can be depended upon to bolster diglossia, whether with bilingualism or without it. Diglossia need not lead to separatism by any stretch of the imagination. In its absence, however, it is the maintenance of minority tongues that is ultimately at risk, and rarely attained,[19] rather than the destruction of the body politic via separatism.

CONCLUSION

There is little solid evidence of separatism due to the institution of governmental services to minority groups in their own languages. The territoriality principle itself, when wholeheartedly implemented, is a guarantee against separatism. The personality principle provides far too little stable support for dislocated immigrant populations to render separatism a realistic concern. In general, the overall issue is not one of language but of minority-majority relations. Not providing governmental services in the dominant language of their intended recipients is not only nondemocratic, but is not well calculated to improve minority-majority relations.

17. Marshall, "Question of an Official Language."

18. Victoria State Board of Education and Ministerial Advisory Committee on Multicultural and Migrant Education, *The Place of Community Languages in Victorian Schools* (Melbourne: VSBE/MACMME, 1984); Australia, Parliament, Senate Standing Committee On Education and the Arts, *A National Language Policy* (Canberra: Government Publishing Service, 1984); Lois Foster and David Stockky, *Multiculturalism: The Changing Australian Paradigm* (Clevedon, Great Britain: Multilingual Matters, 1984).

19. Fishman et al., *Rise and Fall of the Ethnic Revival.*

The problems of bilingualism are really problems of social and economic development, control, and incorporation superposed upon ethnolinguistic, racial, and religious differences. Without such superposition, problems of communication are solved by bilingualism rather than created by it.

There is a long social science tradition of being negative, or at least suspicious, about bilingualism and minority intergenerational continuity, whether or not separatism is involved.[20] The irrationality of such continuity, in terms of basic economic productivity, is constantly held against it. However, modern society is essentially conflicted due to a large variety of differing interests—with respect to age, sex, class, region, religion, and race—competing for recognition and support in the public interest, above and beyond language and ethnicity. Linguistic heterogeneity may appear to be yet another source of tension in modern society, but if that is so, it is nevertheless doubtful whether it is associated with sufficient independent variance to be noteworthy in its own right, after all other co-occurring sources of tension have been controlled. Intergroup, sidestream-mainstream problems will not disappear merely because sidestream languages are not recognized, nor will they be caused merely because such languages are recognized for governmental services. The denial of services via minority languages may, however, safely be considered an antidemocratic tendency that has pernicious effects on society as a whole, on the mainstream no less than on the sidestreams. All are losers, indeed, when that occurs.

20. Joshua A. Fishman, "Positive Pluralism. Some Overlooked Rationales and Forefathers," in *Rise and Fall of the Ethnic Revival*, by Fishman et al., pp 445-56.

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Undocumented Immigration

By JEFFREY S. PASSEL

ABSTRACT: One important characteristic that distinguishes contemporary immigration from previous waves of immigration is the presence of significant numbers of undocumented, or illegal, immigrants. The dearth of sound information on undocumented immigrants makes formulating and implementing policy concerning this clandestine segment of the population extremely difficult. The first part of this article presents up-to-date empirical studies of the numbers of undocumented aliens in the country. The principal conclusion to be drawn from these studies is that the size of the undocumented immigrant population is substantially smaller than the figures most often cited. Although the largest numbers of undocumented immigrants are from Mexico, virtually every area of the world contributes some undocumented immigrants. The available evidence regarding the social, economic, and demographic characteristics of undocumented immigrants is reviewed in this article. The various arguments concerning the economic and social consequences of undocumented immigration are reviewed, together with the contradictory evidence used to support them. Finally, the consequences of research findings for policy alternatives are presented and various options for dealing with undocumented immigration are discussed.

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NOTE: The opinions expressed in this article are those of the author and do not necessarily represent the positions of the U.S. Bureau of the Census.

THE United States is known as a nation of immigrants, and rightly so, for every American is descended from immigrant ancestors. From the Indians who walked across the land bridges from Asia millennia ago, to the colonial settlers centuries ago, to the Eastern European immigrants decades ago, to the Southeast Asian refugees of recent years, our forebears came to this country seeking freedom, economic opportunity, and a better life for themselves and their children. In virtually every era, the newcomers were viewed warily by the so-called natives—those whose ancestors had been immigrants in the past—who wondered whether the new immigrants would affect the livelihoods of those already here and whether they could fit into the American society of the time.

Viewed in this light, the current wave of immigration to the United States differs little from previous waves. The economic issues are essentially the same as in the past. Do immigrants take jobs from native-born or naturalized citizens? Do immigrants depress wages? The social issues are the same, also. Can American society absorb the new immigrants? Are they too different?

What distinguishes contemporary immigration from past immigration is that much of the current immigration is illegal, or undocumented. Because of the clandestine nature of much current immigration, certain information that was easily accessible in the past is not readily available. For example, how many immigrants come to the United States every year? How many are staying in the country? What jobs are the immigrants taking? How do they affect the economy? In addition, the incorporation of undocumented immigrants into mainstream American society is viewed as much more problematic than for previous waves of immigrants, because undocumented immigrants do not have access to many of the institutions that other Americans take for granted.

Today's debate regarding undocumented immigration and what to do about it has taken place in an empirical vacuum. Perhaps nowhere is this more apparent than in discussions about the size of the undocumented population. Figures as high as 12 million undocumented aliens are often cited without dispute and some wild guesses have reached 25 million. All studies based on hard data, however, point to only a fraction this many. Since the effects of undocumented immigrants on American society and the economy are perceived to be a function of their numbers, any discussion of the consequences of undocumented immigration must be based on a sound understanding of the size of this population.

The first part of this article presents the most up-to-date empirical studies of the numbers of undocumented aliens in the country. Then follows a discussion of their social and economic characteristics and a review of the contradictory evidence regarding the economic impact of undocumented immigrants. Finally, the consequences of the research findings for policy alternatives are discussed.

SIZE OF THE UNDOCUMENTED POPULATION

Media accounts of undocumented immigration continually refer to the "rising tide of illegal immigration" and the "flood" of undocumented immigrants overwhelming the country. Yet, evidence cited in support of such claims is often nonexistent and seldom more than speculation based on impres-

sionistic information. This situation is unfortunate. Although it is true that perhaps the greatest demographic mysteries surrounding the population of the United States are questions of how many undocumented aliens are in the country and how fast their number is growing, the substantial amount of data developed on this group over the last several years is often ignored in the heat of debate.

Types of undocumented immigrants

The terms "illegal alien," "undocumented worker," "illegal entrant," "deportable alien," and the like are often used, but seldom rigorously defined. The distinctions implied by such terms have not only failed to add clarity, but in many cases have served only to obfuscate the issues further. The most common dichotomy of undocumented migrants—between illegal entrants, also known as entries without inspection (EWIs), and visa abusers, or overstayers—is an example of an administratively useful categorization that has not proved to be particularly valuable for analysis.

A typology based on duration of residence in the United States and migratory intentions is much more useful in assessing the effects of undocumented immigration and estimates of the size of this population. At the margins and in individual cases, it may be difficult to distinguish between the ideal types. However, failure to clarify which type of undocumented immigrant is being discussed has only led to confusion.

The migration literature distinguishes two general types of migrants: sojourners and settlers. Settlers migrate with the intention of residing permanently in the destination country. For sojourners, the degree of attachment to the new country is considerably less, since they intend to leave and return home. The return is generally intended at the time of entry, but may occur as a result of events that happen after migration.

Undocumented migrants in the United States include both sojourners and settlers. Indeed, much, and possibly most, of the undocumented migration from Mexico is of the sojourner type, often on a seasonal basis. To these two types of undocumented migrants, we can add a third type, commuters. Undocumented commuters do not actually live in the United States, but rather cross the U.S.-Mexican or U.S.-Canadian border on a daily or almost daily basis to work in the United States. This third group is the least significant on a national level, probably numbering in the tens of thousands; but for some border labor markets, commuters may be quite important. Failure to distinguish between settlers, sojourners, and commuters accounts for some of the wide variation in estimates of undocumented aliens in the United States.

The appropriate universe for discussion obviously depends on the purpose of the analysis. An analysis of labor markets or the labor force would probably require information on the number of person-years worked in the United States by undocumented aliens. Such a definition would encompass all three types of migrants—that is, all undocumented immigrants in the U.S. labor market. Demographers trying to measure the size of the U.S. population on a *de jure* basis would want to focus only on settlers. Providers of social services, such as health care and education, might want a somewhat broader definition of the undocumented alien population to

include not only settlers, but also a large portion of the sojourner population. The population eligible for legalization under most proposed amnesty programs would include only a portion of the settlers.

Although the different types of migrants have different implications for various policy options and analyses, the distinctions between them may be difficult to draw in particular instances. Much of the recent migration from Mexico appears to be chain migration occurring in the context of social networks.[1] Individuals are linked to feeder networks in Mexico that provide access to jobs and housing in the United States. Most migrants come initially as sojourners, on the basis of the information supplied through the networks. Gradually, over time, many of the migrants shift from sojourner to settler, with the shift being facilitated by the network.

There is no hard and fast rule for delineating the three types of undocumented immigrants. Sojourners with very short durations of stay might be considered by some to be commuters. Persons who intend to be settlers at the time they migrate would become sojourners if forced to leave by unforeseen circumstances, such as economic difficulties or family deaths. On the other hand, persons whose intentions are to be sojourners might find conditions in the United States even more hospitable than they had imagined and thus become settlers. Even though such marginal distinctions may not be clear-cut, analysts and policymakers should be aware of these general types and the nature of the data they are using.

Estimates of the number of undocumented aliens

Estimates of the size of the undocumented population have appeared with some regularity over the last 10 to 15 years. The various estimates can be characterized generally as either speculative or analytic. While the speculative estimates have received greater attention in the press and legislative debates, they have also been substantially larger than the analytic estimates. Unfortunately for those interested in informed and rational discourse, the speculative estimates, with few exceptions, have almost totally ignored the evidence from analytic work.[2]

1. Douglas S. Massey et al., "The Social Organization of Mexican Migration to the United States" (Paper delivered at the Annual Meeting of the Population Association of America, Boston, MA, Apr. 1985). Richard Mines and Alain de Janvry, "Migration to the United States and Mexican Rural Development: A Case Study," *American Journal of Agricultural Economics*, 64(3): 444-54 (Aug. 1982).

2. For descriptions, discussions, and critiques of most of the available estimates, see the following: Jacob S. Siegel, Jeffrey S. Passel, and J. Gregory Robinson, "Preliminary Review of the Existing Studies of the Number of Illegal Residents of the United States," in *U.S. Immigration Policy and the National Interest: The Staff Report of the Select Commission on Immigration and Refugee Policy* (Washington, DC: Government Printing Office, 1980), app. E, "Papers on Illegal Immigration to the U.S."; Manuel Garcia y Griego and Leobardo Estrada, "Research on the Magnitude of Mexican Undocumented Immigration to the U.S.: A Summary," in *Mexican Immigrant Workers in the U.S.*, ed. Antonio Rios-Bustamente (Los Angeles: Regents of the University of California and the Chicano Studies Research Center, 1981); Arthur F. Corwin, "The Numbers Game: Estimates of Illegal Aliens in the United States, 1970-1981," *Law and Contemporary Problems*, 45(2): 223-97 (Spring 1982); Kenneth Hill, "Illegal Aliens: An Assessment," in *Immigration Statistics: A Story of Neglect*, by Panel on Immigration Statistics (Washington, DC: National Academy of Sciences, 1985), pp. 225-45.

Speculative estimates. One of the first speculative estimates was offered by General Chapman, then commissioner of the Immigration and Naturalization Service (INS), before a congressional committee.[3] His estimate of 4 to 12 million undocumented aliens was developed by aggregating rough estimates supplied by INS field offices. Subsequent work has shown that this estimate was much too large as an estimate of undocumented settlers and possibly also of sojourners. About the same time, Lesko Associates made an estimate of 8.2 million undocumented aliens, including 5.2 million Mexicans, by a flawed application of the Delphi technique.[4] In neither of these estimates is the universe of undocumented aliens well defined.

More recent conjectural estimates include those of Corwin and of Huddle and his colleagues.[5] Corwin's estimate for 1981 of 8 to 10 million undocumented aliens was developed by aggregating speculative estimates by country of origin and region of residence. Unfortunately, he appears not to have tried to relate his estimates to the available analytic work. Corwin does attempt to specify his universe; he explicitly excludes commuters, but is unclear about sojourners. Huddle and his colleagues select the middle of Corwin's range as their best estimate of the size of the undocumented population.

Speculative estimates of the annual increase in the undocumented alien population have not been made as often as have estimates of the total population. Chapman estimated the net annual increase as 500,000.[6] Reubens estimated the net flow for 1978 as 600,000.[7] A figure of 500,000 per year is widely quoted even though there is no strong empirical basis for selecting this figure over any other. It seems to be popular because it is a nice round figure that is easy for the public to accept.

The speculative estimates are not well grounded in the available data; indeed, that is what makes them speculative. To the extent that they are based on any data at all, they generally make reference to the number of apprehensions of undocumented aliens made by the INS. Apprehensions by the INS along the U.S.-Mexican border reached 500,000 per year in the early 1970s, exceeded 1 million by 1978, and have remained at or above 1 million per year since then. Clearly many factors affect the number of apprehensions, including enforcement patterns, flow of aliens, and INS staffing levels. However, the high and increasing number of apprehensions does not necessarily mean that the undocumented population is as large as the speculative estimates suggest, nor does it mean the population is growing as fast as suggested. In fact, detailed

3 U.S., Congress, Senate, Committee of the Judiciary, Subcommittee on Immigration and Naturalization, Statement of Leonard F. Chapman, 94th Cong., 2d sess., 17 Mar. 1976.

4 Lesko Associates, *Final Report: Basic Data and Guidance Required to Implement a Major Illegal Alien Study During Fiscal Year 1976*, contract report CO-16-75 (Washington, DC: Immigration and Naturalization Service, 1975).

5. Corwin, "Numbers Game"; Donald L. Huddle, Arthur F. Corwin, and Gordon J. MacDonald, *Illegal Immigration: Job Displacement and Social Costs* (Alexandria, VA: American Immigration Control Foundation, 1985).

6 Subcommittee on Immigration and Naturalization, Statement of Leonard F. Chapman.

7 Edwin P. Reubens, "Immigration Problems, Limited-Visa Programs, and Other Options," in *U.S. Immigration Policy and the National Interest*, app. F.

examination of the apprehension data strongly suggests otherwise.

Apprehensions in the Chula Vista sector of California make up about one-third of the apprehensions along the U.S.-Mexican border, reaching about 420,000 in fiscal 1983. About 5000 apprehensions, or less than 2 percent, were from countries other than Mexico. Of the apprehensions of Mexicans, more than 7 persons in 8 were adult males; less than 1 in 8 of the apprehensions involved an adult Mexican woman or a child. If the apprehensions from Mexico represented settlers, the composition would be considerably different; it would include more families. The vast majority of the apprehensions therefore appear to be sojourners or commuters. They are from what one writer has called "the floating pool of labor" that moves back and forth across the border in response to economic conditions. Thus the apprehension data are not adequate even as an indicator of the overall net flow across the border.

None of the speculative estimates squares well with the results of the analytic studies as estimates of undocumented settlers. However, if the speculative estimates are meant to include both sojourners and settlers, then some of the lower estimates may not be totally unreasonable. Such estimates might provide a rough approximation of the number of persons who have been in the United States as undocumented aliens at any time during a year. Such a figure, however, would be of limited utility.

Analytic estimates. Analysts attempting to estimate the size and growth of the undocumented alien population have been plagued by a lack of data on what, by its very nature, is a hard-to-measure population. During the early and middle 1970s, several demographers met with limited success as they applied ingenious methods to data collected for other purposes in attempts to make inferences about the size of the undocumented alien population. Most of the estimates produced at this time had a very wide range because the research suffered from a lack of data on critical parameters in the estimation models.[8]

By the late 1970s and early 1980s more data had become available to measure the size of the undocumented population. The analytic estimates produced then were smaller than any of the speculative estimates—notably Chapman's figure of 6 to 12 million—and also smaller than those yielded by the previous analytic work. About this time, a consensus appeared to be emerging that the number of undocumented settlers from Mexico amounted to no more than 1.5 to 2.5 million persons. The 1980 round of censuses—particularly those in the United States and Mexico—provided data with more detail and greater coverage than earlier data sets used by analysts Research done primarily at the Census Bureau using data from the U.S. and Mexican censuses was at the core of the emerging consensus.

Warren and Passel produced the most detailed information available on the size and structure of the undocumented population using data from the 1980 census.[9] They compared an estimate of

8 For detailed critiques of these early analytic studies, see Siegel, Passel, and Robinson, "Preliminary Review of the Existing Studies", Hill, "Illegal Aliens. An Assessment."

9. Robert Warren and Jeffrey S. Passel, "A Count of the Uncountable: Estimates of Undocumented Aliens Counted in the 1980 United States Census" (Unpublished manuscript, U S., Department of Justice, Immigration and Naturalization Service, and U.S., Department of Commerce,

the number of aliens legally in the country, derived primarily from INS data, with a figure based on the 1980 census for the number of aliens counted in the census. The difference between the two estimates was taken to represent undocumented aliens counted in the census.[10] This research set a minimum of 2.1 million for the number of undocumented settlers and long-term sojourners in the country in 1980; 1.1 million of these were from Mexico.[11]

The studies of undocumented aliens in the 1980 census naturally raise the question of how many undocumented aliens were not in the census. Informal assessments suggest that one-half to two-thirds of the undocumented settlers in the country were counted in the 1980 census. Although the proportion of undocumented aliens included in the census is not known exactly, there is evidence to indicate that the informal assessments are essentially correct, that a substantial proportion of this population was counted.

Undocumented aliens counted in the 1980 census included large proportions of groups that are usually well covered in censuses—females, accounting for 47 percent of the undocumented aliens counted; children under 15, accounting for 18 percent; and persons in the country for 10 years or more, accounting for 26 percent. In addition, the overall coverage of the census was quite high; only about 1 percent of legal residents, whether native or foreign-born, were missed in the 1980 census.[12] Furthermore, coverage of undocumented settlers must have been relatively high since the 1980 census missed very few housing units—and undocumented settlers have to live somewhere. Finally, some undocumented aliens may have perceived that

Bureau of the Census, 1985), idem, "Estimates of Illegal Aliens from Mexico Counted in the 1980 United States Census" (Paper delivered at the Annual Meeting of the Population Association of America, Pittsburgh, PA, Apr. 1983).

10 Both sets of data, the census figures for total aliens and the estimates of legally resident aliens, required a number of modifications and adjustments to correct for known deficiencies in the data. Major adjustments involved correcting the census data for misreporting of citizenship and adjusting the INS Alien Registration Data for underregistration. The details of the estimation process are spelled out in Warren and Passel, "Count of the Uncountable"; Jeffrey S. Passel and Karen A. Woodrow, "Geographic Distribution of Undocumented Immigrants Estimates of Undocumented Aliens Counted in the 1980 Census by State," *International Migration Review*, 18(3): 642-71 (Fall 1984). Although the figures presented are estimates and so are subject to error, they do provide the best available data on the characteristics and distribution of undocumented aliens. The estimates represent settlers and possibly some sojourners, they do not represent either commuters or the bulk of the sojourner population. Furthermore, they represent only those undocumented aliens counted in the 1980 census, not the total number. It must be stressed that this research did not compromise the confidentiality of U.S. census data that is required by law. No attempt was made to determine the legal status of any individual aliens; in fact, it is not possible to do so. The estimates were made by comparing statistical aggregates, not by determining the legal status of individuals.

11 This work was subsequently extended to produce estimates at the state level in Passel and Woodrow, "Geographic Distribution of Undocumented Immigrants," and at the metropolitan area level in Jeffrey S. Passel, "Estimates of Undocumented Aliens in the 1980 Census for SMSAs" (Memorandum to Roger Herriot, U.S. Bureau of the Census, 16 Aug. 1985).

12. Jeffrey S. Passel and J. Gregory Robinson, "Revised Estimates of Coverage of the Population in the 1980 Census Based on Demographic Analysis: A Report on Work in Progress," *Proceedings of the Social Statistics Section of the American Statistical Association, 1984* (Washington, DC American Statistical Association, 1984), pp. 160-65.

being counted in the census would be in their own best interest by providing proof of residence in the United States in case of future legalization programs.

Another study, based on data from a sample survey in Los Angeles County, the area with the largest concentration of undocumented aliens, found that the estimates of undocumented Mexican aliens counted in the census were very similar to the numbers estimated from the survey.[13] A recent reanalysis of the same data showed that the 1980 census probably included one-half to two-thirds of the adult Mexican undocumented settlers in Los Angeles County.[14] Extrapolating these results to the entire country would suggest a figure of about 2 million for the maximum number of undocumented Mexican settlers in the United States in 1980.

Other evidence on undocumented Mexicans in the United States can be garnered from the 1980 census of Mexico. Bean and his coauthors, using this census, estimated the absolute maximum number of undocumented Mexicans that could possibly be in the United States at 3.8 million.[15] Their most probable estimates fell in the range of 1.5 to 2.5 million. Passel's reanalysis of final data from the Mexican census of 1980 supports the lower end of the range and suggests a figure of about 1.9 million undocumented Mexican settlers in the United States in 1980.[16] In Hill's opinion, the numbers could be even smaller.[17]

The results of the analytic studies, taken together, strongly suggest that the total number of undocumented settlers—and possibly long-term sojourners—in the United States in 1980 was in the range of 2.5 to 3.5 million. The largest group of these comprises undocumented Mexicans, who probably numbered less than 2 million, possibly as few as 1.5 million. These figures are substantially smaller than any of the speculative estimates. The analytic evidence is completely inconsistent with estimates at the high end of the speculative range, such as those of Huddle and his colleagues.[18]

Growth of the undocumented population since 1980. The difficulties of measuring the undocumented population are compounded at least twice over in measuring the growth of the same population. In order to know how fast a population is growing, it is necessary to know the size of the population at two points in time. This has obviously proved to be quite difficult where undocumented aliens are concerned.

Passel and Woodrow have developed estimates of undocumented aliens included in the Census Bureau's Current Population Survey for April 1983.[19]

13. David M. Heer and Jeffrey S. Passel, "Comparison of Two Different Methods for Computing the Number of Undocumented Mexican Adults in the Los Angeles SMSA" (Paper delivered at the Annual Meeting of the Population Association of America, Boston, MA, Apr. 1985).

14. Jeffrey S. Passel, "Undocumented Immigrants: How Many?" (Paper delivered at the Annual Meeting of the American Statistical Association, Social Statistics Section, Las Vegas, NV, Aug. 1985).

15. Frank D. Bean, Allan G. King, and Jeffrey S. Passel, "The Number of Illegal Migrants of Mexican Origin in the United States: Sex Ratio-Based Estimates for 1980," *Demography*, 20(1): 99-109 (Feb. 1983).

16. Passel, "Undocumented Immigrants: How Many?"

17. Hill, "Illegal Aliens: An Assessment."

18. Huddle, Corwin, and MacDonald, *Illegal Immigration*.

19. Jeffrey S. Passel and Karen A. Woodrow, "Growth of the Undocumented Alien Population in the United States, 1979-1983, as Measured by the Current Population Survey and the Decennial Census" (Paper delivered at the Annual Meeting

They compared their results—about 2 million undocumented aliens aged 14 years and over in April 1983—with results from the 1980 census and an earlier Current Population Survey taken in November 1979. Their results suggest that the number of undocumented alien settlers had grown by 100,000 to 300,000 per year since 1980. This figure is considerably smaller than the most commonly cited speculative estimate of 500,000 per year.

The National Academy of Sciences' Panel on Immigration Statistics made its own assessment of the growth of the undocumented alien population.[20] Although the panel did not quantify its results, it concluded that this segment of the population was not growing "remarkably fast," a term that suggests annual growth at the lower end of the 100,000-300,000 range found by Passel and Woodrow, or even below it.[21]

Sojourner population. Very little is known about the size of the sojourner population of undocumented aliens in the United States. It is thought to consist almost entirely of Mexican workers, in agricultural and other low-skilled occupations. This population is probably not predominantly rural, but includes large numbers of persons in the manufacturing and service sectors of the urban work force.

The only direct empirical evidence on the size of this population comes from a survey conducted by the Mexican government in 1978-79. In the survey, households in Mexico were interviewed to determine if any household members aged 15 years and over who usually lived in Mexico were in the United States working or looking for work.[22] The survey estimated that about 400,000 Mexicans were in the United States temporarily. The survey did not attempt to ascertain the legal status of the temporary workers in the United States, and it is subject to a number of other limitations.[23] Nonetheless, the results suggest that the population of undocumented sojourners from Mexico, which is almost certainly the vast majority of the undocumented sojourner population in the United States, is no larger than the number of undocumented settlers from Mexico, and the total number in the United States at any one time may be considerably smaller.

CHARACTERISTICS OF THE RESIDENT UNDOCUMENTED POPULATION

The most detailed and comprehensive information on the characteristics of the undocumented alien population comes from the 1980 census and studies of undocumented aliens included in that census.[24] By comparing an independently derived estimate of the legally resident alien population with the 1980 census count, these studies have found that 2.06 million undocumented aliens

of the Population Association of America, Boston, MA, Apr. 1985).

20. Panel on Immigration Statistics, *Immigration Statistics: A Story of Neglect.*

21 The panel's assessment is based primarily on the work of Hill, "Illegal Aliens: An Assessment."

22. Carlos Zazueta and Rodolfo Corona, *Los trabajadores mexicanos en los Estados Unidos. Primeros resultados de la encuesta nacional de emigración* (Mexico City: Centro nacional de información y estadísticas del trabajo, 1979).

23 Siegel, Passel, and Robinson, "Preliminary Review of the Existing Studies."

24 Warren and Passel, "Count of the Uncountable", Passel and Woodrow, "Geographic Distribution of Undocumented Immigrants"; Passel, "Estimates of Undocumented Aliens for SMSAs."

were included in the 1980 census. This estimate clearly does not include all undocumented aliens, but it is thought to be representative of the 2.5 to 3.5 million undocumented settlers in the United States as of 1980. The results presented in this section are based on the 2.1 million undocumented aliens in the 1980 census.

Origins and demographic characteristics

Of the 2.06 million undocumented aliens counted in the 1980 census, 55 percent, or 1.13 million, were born in Mexico. Most of the undocumented immigrants--1.52 million, or 74 percent— entered the United States during the 1970s, with 46 percent, or 941,000, entering during the 5 years prior to the 1980 census. The undocumented aliens from Mexico have a higher proportion of recent arrivals, with 49 percent entering during the period 1975-80 and a total of 80 percent during the 1970s.

No single country other than Mexico appears to contribute a substantial proportion—as much as 5 percent—of the undocumented alien population. Rather, undocumented immigrants come from all countries that contribute legal immigrants to the United States. Including Mexico's 55 percent of the total, Latin America and the rest of the Caribbean represent 1.58 million, or 77 percent, of the undocumented aliens counted in the 1980 census. The remainder of the world contributed 23 percent, or 474,000 persons, as follows: 10 percent from Asia, 9 percent from Europe, and 4 percent from Africa and Oceania. A substantial proportion of the undocumented aliens from Europe and Asia—35 percent, or 128,000 persons—have been in the United States since before 1970. Only 20 percent of the undocumented aliens from Mexico have been in the country as long.

Of the 40 countries and groups of countries for which separate estimates are available, in only 5 did undocumented aliens account for half or more of the immigrant population: Mexico, El Salvador, Guatemala, Haiti, and Iran. For the Mexican-born population in the 1980 census, the number of undocumented aliens who entered in the 1975-80 period—559,000—was nearly double the number of legal residents who entered during the same period—292,000. Excluding those from the 5 countries listed, legally resident aliens far outnumbered undocumented aliens. In all, the 1980 census counted 14.08 million foreign-born persons, including both aliens and naturalized citizens; of these, about 1 in 7 were undocumented aliens.

The undocumented aliens counted in the 1980 census have the age and sex distribution of young, recently arrived immigrants, suggesting that the group consists primarily of settlers. Of the total number of undocumented aliens in the 1980 census, 1.094 million, or 53 percent, are male. For the Mexican-born undocumented aliens, 620,000—or 55 percent—are male. Having slightly more males than females is not unusual for a group of immigrant settlers. Some of the excess males may bring their families later and many who are single will marry in this country. If the group consisted primarily of sojourners, there would be a substantial excess of males rather than the small difference shown in the 1980 census data.

The undocumented aliens counted in the 1980 census are highly concentrated in the young-adult working ages. Just over 70 percent are aged 15 to 39 years. Overall, 18 percent are children under

15 and only 11 percent are aged 40 or over. The undocumented population from Mexico is even younger and more concentrated in the young working ages than the total undocumented population. Almost 21 percent of the undocumented Mexicans are under age 15; 70 percent are aged 15 to 39; and only 9 percent are over age 40.

The characteristics of undocumented aliens when they enter the country appear to have been similar over the years. Fully 85 percent of the undocumented aliens included in the 1980 census were under 30 years of age when they entered the country. Given the similar young age at entry, those who entered in earlier years and have stayed are now older than the recent entrants. Thus, it is not surprising that the non-Mexican undocumented population is older, since a larger proportion of them entered before 1970. The age distributions for both Mexican and non-Mexican undocumented aliens who entered between 1975 and 1980 are virtually identical to the corresponding distributions for those who entered from 1960 to 1969, except that the earlier entrants were 10 years older in 1980.

Geographic distribution

Undocumented aliens are not uniformly distributed across the country. They tend to live in states with large legal alien populations and especially with large Latin American populations. California alone has 1.02 million, or almost exactly half of the undocumented aliens counted in the 1980 census. Four other states account for an additional 31 percent of those counted: New York has 234,000, or 11 percent; Texas has 186,000, or 9 percent; Illinois has 135,000, or 7 percent; and Florida has 80,000, or 4 percent. Together, these 5 largest states have over 80 percent of the undocumented alien population. Other areas of concentration include the Washington, D.C., area, other southwestern states, and the Pacific Northwest.

California has the largest population of Mexican undocumented aliens of any state—763,000, or two-thirds of the national total—as well as the most non-Mexicans—261,000, or over one-quarter of the national total. Almost three-quarters of California's undocumented aliens are from Mexico. Another 10 percent, or 106,000, are from elsewhere in Latin America; 8 percent, or 84,000, are Asian, leaving 7 percent, or 71,000, from the rest of the world. Over 79 percent of California's undocumented aliens, or 810,000, entered during the 1970s. When compared with the 968,000 legal immigrants who entered during the 1970s and settled in California, this means that 46 percent of net immigration to California during the 1970s was undocumented.

The destinations of immigrant streams from Mexico offer some interesting contrasts between settlers, sojourners, and commuters. About two out of three undocumented Mexicans—68 percent—reside in California, but only about one out of two legal immigrants from Mexico—51 percent—does. This pattern is completely reversed in Texas, which has 30 percent of the legal Mexican immigrants, but only 13 percent of the undocumented group. These differences are probably attributable to a different mix of settlers, sojourners, and commuters. Because of the population concentrations along the border, the undocumented immigrant stream to Texas probably has a higher proportion of short-term migrants and especially commuters than the stream to Cali-

fornia. On the other hand, undocumented aliens who make the trip from the Mexican interior to Los Angeles may have a greater tendency to stay. Whether or not these speculations are true, the differences are quite striking and reappear in the metropolitan areas.[25]

Undocumented aliens are highly concentrated in just a few metropolitan areas. One standard metropolitan statistical area (SMSA), Los Angeles County, had 658,000 undocumented aliens in the 1980 census. This represents two-thirds of California's total and almost one-third of all undocumented aliens in the country. About 500,000 of the undocumented immigrants in Los Angeles County are Mexican, representing over 40 percent of the undocumented Mexicans in the census. Only 2 other SMSAs had over 100,000 undocumented aliens in 1980: New York City, with 212,000, and Chicago, with 127,000. These three areas together account for almost half of the undocumented aliens in the country.

The 13 metropolitan areas with more than 20,000 undocumented aliens in 1980 account for about 72 percent of the undocumented aliens in the 1980 census. In addition to Los Angeles, 5 of these 13 SMSAs are in California: Anaheim-Santa Ana-Garden Grove, with 79,000 undocumented aliens; San Francisco-Oakland, with 56,000; San Diego, with 50,000; Riverside-San Bernardino-Ontario, with 30,000; and San Jose, with 26,000. Three others are in Texas: Houston, with 52,000; Dallas-Fort Worth, with 44,000; and the nonmetropolitan portion of the state, with 31,000. The other two areas with more than 20,000—Washington, D.C., 70,000, and Miami, 50,000—are also areas with large populations of legal immigrants.

Noticeably absent from the list of SMSAs with large undocumented alien populations are the border cities of Texas. These areas do not have large populations of undocumented settlers, who would be counted in the U.S. census, but they probably do have large numbers of undocumented sojourners and commuters, who would not be counted. Clearly, not all areas with undocumented aliens in their labor force have them in their resident population.

Social and economic characteristics

Considerably less is known about the social and economic characteristics of undocumented aliens than is known about their demographic structure. There are very few large data sets in which undocumented aliens can be identified on an individual basis. Most available information comes from small-scale studies and surveys or case studies. In addition, the vast majority of the studies are of undocumented Mexican immigrants, the largest and most concentrated group, but clearly not representative of all undocumented immigrants.

Undocumented immigrants are not a monolithic group. They come from many different countries, arrive in the United States via many different routes, and have very different social and economic characteristics. One generalization that can be made is that undocumented immigrants work. Immigrants, in general, have higher labor force participation rates than corresponding groups of natives, and undocumented immigrants have higher labor force partici-

25. A similar pattern of offsetting differences—but at a lower level—occurs in Illinois, which has a higher proportion of undocumented Mexican aliens, and Arizona, which has a higher proportion of legal immigrants. The explanation is probably the same as for California and Texas.

pation rates than legal immigrants. Most undocumented immigration is economically motivated, and the immigrants do not have access to a social and economic safety net, the array of aid and services, that is available to legal immigrants and the native-born. Consequently, if they are unable to work in the United States, undocumented immigrants tend to return home or not to come at all.

The traditional stereotype of the undocumented immigrant is a Mexican peasant who sneaks across the border to do stoop labor in agriculture. This characterization of undocumented immigrants hardly fits the contemporary scene at all. Undocumented immigrants are found in all occupational groups and at all wage levels. There are, of course, industries and occupations with concentrations of undocumented aliens, but these aliens are by no means restricted to one or a few groups.

Bean and his colleagues studied Mexican immigrants using 1980 census data.[26] They found the largest concentration of undocumented aliens in manufacturing. Over one-third of the males and two-fifths of the females were in this sector. These proportions exceeded those of naturalized citizens and natives, but they were approximately the same as among legal immigrants from Mexico. Although the concentration in manufacturing may have been unexpected, undocumented aliens were also found disproportionately in sectors where they might have been expected: agriculture and mining, with one-sixth of the males and one-tenth of the females; construction, with one-tenth of the males; and food retailing, with one-eighth of the males. Other sectors also included significant proportions of undocumented Mexican aliens: wholesaling and nonfood retailing, with about 1 in 12; business and personal services, with one-sixth of the females; and, significantly, professional services, finance, and public administration, with over one-tenth of the females.

Survey data from Los Angeles paint a similar picture of undocumented aliens as well integrated into the economic structure.[27] About 10 percent of the undocumented aliens studied had white-collar jobs. Almost three-quarters held blue-collar jobs, but over one-quarter of the total were craft workers. Most of the remaining undocumented workers, amounting to only one-sixth of the group, were service workers. The wide array of jobs held by undocumented workers is also illustrated by those apprehended in the INS's Operation Jobs. Many of the apprehended undocumented workers in these raids, held in the early 1980s, were earning wages in excess of $10 per hour. The demographic and skill characteristics of undocumented aliens vary widely, and their earnings vary accordingly.[28]

26. Frank D. Bean, Harley L. Browning, and W. Parker Frisbie, "The Sociodemographic Characteristics of Mexican Immigrant Status Groups: Implications for Studying Undocumented Mexican Immigrants," *International Migration Review*, 18(3).672-91 (Fall 1984). Although Bean, Browning, and Frisbie were unable to ascertain the legal status of individuals, they were able to define groups that consisted largely of undocumented aliens, legal aliens, naturalized citizens, and native-born persons of Mexican origin.

27. Maurice D Van Arsdol, Jr et al., *Non-Apprehended and Apprehended Undocumented Residents in the Los Angeles Labor Market*, Contract Report no. 20-06-77-16 (Washington, DC: Department of Labor, 1979).

28. Barry R Chiswick, "Illegal Aliens in the United States Labor Market: Analysis of Occupational Attainment and Earnings," *International Migration Review*, 18(3) 714-32 (Fall 1984).

Lest this brief summary give the wrong impression of undocumented aliens, it should be stressed that undocumented aliens tend to be concentrated in marginal and low-wage jobs. Undocumented aliens definitely tend to have characteristics at the low end of the social and economic scale. Migrant selectivity is at work, however. As is true of legal immigrants from most countries, undocumented aliens from Mexico tend to be of somewhat higher socioeconomic status than the average in Mexico. For immigrants from Mexico, the status of undocumented aliens is only marginally below that of legal immigrants, whose status falls below that of the native U.S. population of Mexican origin. The difference in status and skills between legal immigrants and undocumented immigrants appears to be greater for non-Mexican undocumented immigrants than for those from Mexico.[29]

CONSEQUENCES OF UNDOCUMENTED IMMIGRATION

Evidence regarding the effects and consequences of undocumented immigration—and immigration in general—is often contradictory and subject to individual interpretation. For example, the econometric models used to assess whether undocumented immigrants displace native workers require a number of assumptions and simplifications before they can be evaluated. The nature of these assumptions can sometimes determine the outcome of the modeling exercise. As a consequence, analysts argue on the basis of what should happen logically or what they think will happen rather than on the basis of empirically verifiable research findings. Meanwhile, the debate rages on.

29 Ibid.

A whole spectrum of positions can be found on undocumented immigration.[30] At one extreme, people argue that undocumented immigration has a beneficial effect on the American economy. Undocumented aliens take jobs that legal residents—citizens and aliens—will not. In doing so, they increase economic growth, create more jobs, and better the overall condition of American workers, it is argued. Furthermore, undocumented aliens do not burden social services and governments because the taxes paid by them exceed the costs of services provided; in fact, undocumented aliens actually generate a surplus in government coffers. In support of this overall position, its adherents point out that undocumented immigration acts as an outlet for surplus workers in Mexico and other sending countries; the remittances by undocumented aliens also help the balance of payments of the home countries.

At the other extreme, opponents of undocumented immigration argue that the undocumented immigrants compete directly with minorities and young workers—groups with the highest levels of unemployment—in secondary labor markets. The undocumented aliens displace native workers and depress wages. They also perpetuate low-wage, low-productivity jobs. If there were no undocumented workers, then employers would have to raise wages, make the jobs more attractive, or otherwise enhance productivity in order to fill the

30 For brief discussions of immigration policy, see Ray Marshall, "Immigration: An International Perspective," *International Migration Review*, 18(3):593-612 (Fall 1984); Vernon M. Briggs, Jr., "Employment Trends and Contemporary Labor Policy," in *Immigration: Issues & Policies*, ed. V. M. Briggs, Jr., and Marta Tienda (Washington, DC: National Council on Employment Policy, 1984), pp. 1-35

jobs and compete. The costs of undocumented aliens, these proponents argue, include unemployment compensation for displaced workers, lost tax revenues—both from the aliens who do not pay their share of taxes and the displaced workers who are not earning income on which to pay taxes—plus the costs of the extensive social services used by the undocumented aliens. These costs are alleged to outweigh by far any benefits of undocumented immigration.

Economic effects

The major debate surrounding undocumented immigration is about job displacement: do undocumented immigrants take jobs from citizens? Another way of stating this argument is this. Are enough jobs created by the employment of undocumented aliens to offset the jobs that they themselves fill? The available evidence does not support the idea that there is massive job displacement. Huddle and his colleagues argue otherwise —that for every 100 undocumented aliens working, 65 jobs are taken from legal residents—but their conclusion is based on a very small-scale study in one locality.[31] On the other hand, in a study of the labor market in Los Angeles, an area with a large proportion of all undocumented aliens in the country, no evidence was found to support the notion that undocumented aliens were taking jobs away from blacks, the group with whom the aliens were most likely to be competing.[32]

Some authors have argued that undocumented aliens do not displace citizens, that the aliens fill jobs that citizens refuse to take.[33] However, the recent studies of the characteristics of undocumented aliens have shown very clearly that not all jobs held by undocumented aliens are universally unattractive. To the extent that such job refusals do occur, it is probably because the jobs are unattractive at the wages being offered. Undocumented aliens are willing to take jobs at low wages in the United States because even the low U.S. wages are substantially higher than wages in the home countries.

If job displacement does occur, low wages are the most likely culprit. Studies on the macro level tend to support this reasoning. DeFreitas and Marshall found that the rate of wage growth between 1970 and 1980 in a group of 35 metropolitan areas was inversely related to the size of the immigrant populations of the areas.[34] In a similar vein, Espenshade and Goodis found some evidence of wage depression in Los Angeles in the 1970s attributable to immigration.[35] The presence of a growing immigrant work force was apparently responsible for the slower rate of wage increase in manufacturing in the Los Angeles area. They also noted two coun-

31. Huddle, Corwin, and MacDonald, *Illegal Immigration*.

32. Thomas J. Espenshade and Tracy Ann Goodis, "Recent Immigrants to Los Angeles: Characteristics and Labor Market Impacts," Policy Discussion Paper PDS-85-1 (Washington, DC: Urban Institute, May 1985).

33. Michael Piore, *Birds of Passage: Migrant Labor and Industrial Societies* (New York: Cambridge University Press, 1979); Wayne Cornelius, *Mexican Migration to the United States: Causes, Consequences, and U.S. Responses*, Migration and Development Study Group Monograph (Cambridge, MA: Massachusetts Institute of Technology, 1978).

34. Gregory DeFreitas and Adriana Marshall, "Immigration and Wage Growth in U.S. Manufacturing in the 1970s" (Paper delivered at the Thirty-sixth Annual Meeting of the Industrial Relations Research Association, San Francisco, CA, 1983).

35. Espenshade and Goodis, "Recent Immigrants to Los Angeles."

tervailing trends. The slower rate of wage growth was thought to be responsible for some of the large growth in employment in the area. In addition, the slowing in wage growth that did occur had only a very small effect on black family income.

The benefits to employers of the low wages that undocumented aliens will accept are obvious, but studies have found other benefits as well.[36] Many employers feel that the undocumented aliens make better employees because they are easier to control, they work harder, and they complain less. In addition, some employers may be able to exploit the undocumented aliens in other ways, such as not paying withholding taxes, Social Security taxes, and other taxes.

There is another—more legal—reason why employers prefer undocumented aliens. The baby bust of the late 1960s and 1970s has recently led to declines in the number of persons in the age group of 15 to 24 years. This group supplies most of the employees in entry-level and low-skill positions. Already a labor shortage is apparent in some parts of the country. Undocumented aliens may increasingly be sought by employers to fill a demand for entry-level and low-skill workers that is not being met in the marketplace.

Social costs

Undocumented aliens use services supplied by the public sector. They also pay taxes of various kinds: income tax, Social Security tax, property tax, either on property that they own or on property they rent, sales tax, and so forth.[37] One of the major debates among immigration analysts is whether the money paid in taxes by undocumented aliens offsets the costs of services used by the aliens; in other words, do undocumented aliens cost society money or do they pay their own way?

There are major methodological problems involved in answering this question. First is how to partition the costs of social services between legal residents and undocumented aliens. Then there is the problem of estimating how much undocumented aliens pay in taxes. Finally, there is an even more fundamental problem, that of determining the indirect costs of undocumented immigrants. For example, is the cost of unemployment compensation paid to a worker who was displaced by an undocumented alien to be included in the calculation? Are the taxes paid by a worker in a job created by an undocumented alien to be included? Even if both of these questions are answered in the affirmative, there is the problem of measuring job displacement and creation, which, as we have seen, has not been done satisfactorily. Consequently, in addressing the issue of social costs, these indirect costs are omitted from most discussions—this one included.

Many undocumented aliens have income tax withheld from their paychecks, yet they never file for the refunds due them because of their fear of the

36 Joseph Nalven and C. Frederickson, *The Employers' View: Is There a Need for a Guest-Workers Program?* (San Diego, CA: Community Research Associates, 1982).

37 For a discussion and estimates of taxes paid by undocumented aliens, see David S. North and Marion F. Houstoun, *The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study* (Washington, DC: Linton, 1976); Sidney Weintraub, "Illegal Immigrants in Texas: Impact on Social Services and Related Considerations," *International Migration Review*, 18(3):733-47 (Fall 1984).

federal government.[38] Many also pay into Social Security, either into a bogus account, another individual's account, or a fraudulently obtained account in their own name. Yet, they are either too young to receive benefits or ineligible ever to receive benefits because of their legal status. Thus, at the federal level, undocumented immigrants pay into the system, but are ineligible to receive anything from most of its benefit programs, such as food stamps, Medicare, and Social Security.

Undocumented aliens tend to be young and to have families, and they are ineligible for many welfare-type programs. Consequently, most of the social costs incurred by undocumented aliens are for education or health care. Because the costs of these programs are allocated differently in various states, studies at the state and local level paint a mixed picture. Weintraub found that, in Texas, the state showed a net surplus from undocumented immigrants, but the local governments of six major cities incurred costs in excess of revenues.[39] The state gained its surplus because its revenues from individuals came mainly from a sales tax, which is a regressive tax that would affect all residents regardless of legal status. The local governments, on the other hand, had to pay for the education of undocumented aliens' children.[40] Any group with children tends to cost money under this definition of costs to local governments, and undocumented aliens tend to have children. The state surplus did exceed the local costs, so the net to all governments in the state was a surplus.

If undocumented immigrants were legalized, it is difficult to predict what the net cost to the public might be. Certain costs would be expected to increase. For example, at some point, former undocumented aliens would become eligible for social programs for which they are currently ineligible. Education costs might increase as more children of undocumented aliens took advantage of public education, but because many of these children are already being educated in public schools, the costs might not go up. These costs, however, could and probably should be considered an investment by society in the next generation. Revenues might also increase, though, as the former undocumented aliens and their employers paid the taxes due. On balance, it would not be unreasonable to expect an immediate net contribution to society from legalized undocumented aliens. Even if this were not the case, legalized undocumented aliens and their descendants can be expected, in the long run, to make a net contribution to American society just as the immigrant groups before them have.

IMPLICATIONS FOR POLICY

On all sides of the immigration debate, there is a growing feeling that something must be done to reform our immigration laws and to control undocumented immigration. On neither side of the debate do the parties argue for perpetuating the status quo. Everyone recognizes that the current system is out of control and needs changing. The undocumented aliens and their native-born children,

38 North and Houstoun, *Characteristics and Role of Illegal Aliens.*

39 Weintraub, "Illegal Immigrants in Texas."

40. For a discussion of the right of children of undocumented aliens to attend public schools, as treated in *Doe* v. *Plyler*, see Estevan T. Flores, "Research on Undocumented Immigrants and Public Policy: A Study of the Texas School Case," *International Migration Review*, 18(3):505-23 (Fall 1984).

who are U.S. citizens by birth, form an underclass that is ripe for exploitation. In addition, the next generation of Americans will undoubtedly face a political crisis from this underclass and their children.

The opposite poles of the immigration debate differ in how they would respond to the current situation. One side would opt for regularizing much of the current flow of undocumented immigrants by granting more temporary work permits and increasing the number of aliens admitted for permanent residence. In the extreme, this position calls for completely open borders. The opposing position calls for greater enforcement activities to regain control of U.S. borders and extremely stiff penalties for hiring undocumented aliens.

Passing legislation to deal with the immigration problem has proved to be extremely difficult, in part because there is no consensus on what should be done and in part because any specific proposal tends to generate strong and vocal opposition. Furthermore, opposition to various segments of proposed legislation tends not to come from the same groups. Consequently, packages of reform proposals tend to be opposed by groups from all parts of the political spectrum, who have thus far been able to unite, after a fashion, and defeat all legislative attempts to deal with immigration.

To be successful, any immigration policy must, at a minimum, deal with three specific issues: the lure of U.S. jobs to foreign workers, the pressures toward clandestine entry into the United States, and the current population of undocumented aliens. Solutions to these problems raise a number of peripheral issues. In addition, there are other areas related to immigration that can and should be dealt with, but these three are essential for immigration reform to succeed.

The vast majority of undocumented immigrants—and legal immigrants, too—have an economic motivation for coming to the United States. They believe, and usually correctly, that they can have a better life for themselves and their children in the United States than in their home country. They come looking for jobs and willing to work hard to succeed. To remove the motive for entry, it must be made illegal for employers to hire workers who are ineligible to work in the United States. There must be effective enforcement of such a provision, together with penalties severe enough to deter employers from breaking the law.

An effective method of validating an individual's right to employment is a corollary to employer sanctions. Employers must be able to differentiate between eligible and ineligible workers in order to comply with the requirements of such a law. Two objections must be dealt with in developing a worker-identification system. The system must avoid employment discrimination against people who look or sound foreign or who have foreign-sounding names. Second, the civil liberties of all Americans must be protected.

Clandestine entry into the United States must be made more difficult. At a minimum, this would mean additional resources for the INS to regain control of the borders. One recent proposal relating to this area is to increase the cost to the undocumented immigrant of an unsuccessful border crossing.[41] Currently, an undocumented alien who is apprehended crossing the border or in

41. Barry R. Chiswick and Carmel U. Chiswick, "'Illegals' Should Pay for Breaking the Law," *Los Angeles Times*, 9 Oct. 1985.

the interior is given a trip out of the country and is free to attempt another clandestine entry immediately. There is no effective deterrent to repeated attempts at entry.

Pressure for illegal entry to the United States comes from the great demand to immigrate and the very long waiting lists to do so in many countries. These pressures will only intensify in the future as the populations in sending countries continue to increase. For example, between 1980 and 2000, the labor force of Mexico will double. These additional people will have to earn a living—either in Mexico or in the United States. Additional foreign aid to assist economic development in the countries that send undocumented immigrants has been proposed as one method of lessening pressure on the United States. In the long run, economic development is probably the answer, but the appropriate role for the United States is not clear.

Increased quotas for legal immigration are another proposal that would alleviate somewhat the pressures for illegal entry. Under current policy, the United States is willing to accept a certain number of people each year—amounting to roughly 550,000 in recent years. It is the popular belief that the population increases from immigration by this same amount. However, more than 100,000 former immigrants emigrate from the country every year.[42] Thus, net immigration is actually quite a bit less than the number of foreign-born persons admitted for residence every year. If the United States is willing to accept an annual increase from immigration of 550,000, then the actual immigration ceiling could be increased by at least 100,000 and still the net effect would be no more than the prescribed amount.

The current population of undocumented aliens must be dealt with in any successful immigration program. Many of these people have been in the United States for many years, have lived within the laws of the land—with the obvious exception of their own immigration status—and built significant equities in this country. Any attempted mass deportations would be inhumane, would be perceived as racist, and would create significant international problems. Therefore, in the interests of fairness and expediency, undocumented aliens who meet certain minimum criteria should be granted status as permanent resident aliens.

The details and execution of the legalization program are less important than the existence of such a program. Planning for such a program should recognize the differences between undocumented settlers, sojourners, and commuters by having a minimum continuous-residency requirement. Furthermore, policymakers and those who design a legalization program should be aware of the true size of the undocumented population so that reasonable alternatives are not dismissed as too expensive.

There are many other items that have been proposed for immigration programs and many other aspects to be considered. The demand for labor in the United States in the absence of undocumented immigrants must be dealt with. One proposed solution has been a guest-worker program, similar to the *bracero* program in the past. Guest-worker programs have not met with resounding success in places where they have been

42. Robert Warren and Ellen P. Kraly, *The Elusive Exodus: Emigration from the United States*, Occasional Papers on Population Trends and Public Policy no. 8 (Washington, DC: Population Reference Bureau, 1985)

attempted—Germany provides an example—but such programs remain as an alternative. Other options would include increased mechanization, increased wages to attract more employees, making the jobs more attractive, improved management and productivity, and, finally, moving the jobs outside the country. The foreign-relations aspects of any immigration proposal must also be considered carefully, particularly those relating to Mexico.

Undocumented immigration continues to be one of the most explosive issues in the contemporary United States. No legislative attempt to deal with undocumented immigration has emerged from Congress. Solutions to the problem remain vexing; it is not clear whether any program, even one with the essential features discussed here, could meet with success. Nonetheless, we must continue to address the issue. Even though the number of undocumented aliens in the United States and the annual growth of that number are not as great as the most popularly quoted figures, the best estimate of 2 to 4 million persons increasing at 100,000 to 300,000 persons per year still represents a sizable number of people. Whatever their current numbers and effect on the economy, the potential effect on the next generation will be enormous if the current problems are not resolved.

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American Public Opinion and U.S. Immigration Policy

By EDWIN HARWOOD

ABSTRACT American attitudes toward both legal and illegal immigration tended to be highly restrictionist during the first half of the twentieth century. Both legislative and executive-branch policy supported this restrictionist outlook up until the 1940s, when a gradual liberalization of immigration policy toward refugees began to occur because of foreign policy requirements and the onset of the cold war. Although only a very small percentage of Americans have advocated increasing the number of immigrants, the percentage who felt that the numbers should be decreased began to decline during the 1950s and 1960s. Liberalization of public opinion and governmental policy occurred. During the past 15 years, however, public opinion and government policy began to diverge. Because of economic and other problems, Americans became more restrictionist toward immigrants, at least when surveyed by public opinion polls. But the government has difficulty implementing a more restrictionist policy for a variety of reasons, among them the strong lobbying efforts of pro-alien activist groups combined with American ambivalence toward the plight of immigrants as individuals.

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BY the standards of the world community, America's current refugee and immigrant admissions policy is both humane and relatively generous. In the late 1970s, over 500,000 immigrants and refugees were being admitted to the United States annually, with legal admissions peaking at 800,000 in 1980. This was a substantial increase over the numbers allowed to enter in previous decades. Also, of refugees annually admitted to countries of final settlement, America has been accepting half of the world total.[1]

American public opinion began to turn against this wider opening of our door during the late 1970s and early 1980s. In a March 1982 Roper survey, 66 percent of those polled said they wanted legal immigration cut back. Only 4 percent said more aliens should be allowed to enter. The August 1981 survey by the National Broadcasting Company (NBC) found 65 percent of the public wanting fewer immigrants admitted, compared with only 5 percent claiming that more immigrants would be desirable.[2]

Additionally, though America has long been viewed as the world's most receptive sanctuary for the oppressed of the world, even refugees were getting a cold shoulder from the American public by the late 1970s. An August 1979 Gallup poll revealed that 57 percent of the public opposed admitting the boat people fleeing Communist-ruled South Vietnam. Only 32 percent favored their admission. In May 1980, both the Harris and Gallup surveys found Americans opposed to admitting the Mariel boatlift refugees from Cuba by roughly a two-to-one margin.[3]

To find comparable levels of restrictionist opinion, one would have to go back to the period of the late 1930s through mid-1940s. In an opinion survey in May 1938, fully 68 percent of the public opposed letting refugees from Germany and Austria seek refuge in the United States.[4] In January 1939, in response to a question that asked what they would do if elected to Congress, 83 percent of the American public said they would oppose a bill that allowed more European refugees to enter the United States.[5]

The restrictionism of the current era represents a major departure from the developments of the post-World War II era. During the past several decades, American public opinion began to undergo a significant liberalization—certainly by comparison with the anti-alien restrictionism of the 1920s and 1930s. In every poll taken after the mid-1930s, the percentage of Americans wanting more immigrant admissions usually ranged from 4 to 6 percent and never exceeded 8 percent. During the 1950s and 1960s, however, the percentage of Americans who said they wanted fewer or no immigrant admissions began to decline dramatically. By the mid-1960s, as a July-August 1965 Gallup survey revealed, only a third of the American public claimed they wanted a

1. Franklin Abrams, "American Immigration Policy: How Strait the Gate?" *Law and Contemporary Problems*, 45:115-23 (Spring 1982).

2. The survey was taken 10-11 Aug. 1981.

3. For a discussion of survey findings on public attitudes during the late 1970s and early 1980s, see Edwin Harwood, "Alienation: American Attitudes Toward Immigration," *Public Opinion*, pp. 49-51 (June-July 1983).

4. Survey conducted by *Fortune* magazine, May 1938, for the Roper Center.

5. Survey conducted by the American Institute for Public Opinion, Jan. 1939; see Rita J. Simon, *Public Opinion in America, 1936-1970* (Chicago: Rand McNally, 1974), p. 95.

reduction in immigrant admissions.[6]

Official immigration policy was in reasonable accord with public opinion during much of the post-World War II era, just as it had been during the decades of nativistic anti-alien restrictionism that preceded the postwar period. In the two decades following World War II, immigration policy began to undergo a significant liberalization on several dimensions. Refugee admissions were eased through a more liberal use of the parole power that Congress had granted by statute to the attorney general. Congress also introduced a number of important changes in the Immigration and Nationality Act that broadened legal guarantees for aliens and expedited visa adjustments. Liberalization did not, however, extend to the more than 30 grounds for exclusion. Another liberalizing measure affected the national origins quota system. The system, which had been introduced 40 years earlier to restrict entry for members of undesired racial, ethnic, and religious communities, was finally written out of the law in 1965.[7]

How does one account for such a dramatic change in both policy and public attitude?

During the 1920s and 1930s nativistic restrictionism was part and parcel of the isolationist currents of that era. Immigration policy was driven almost entirely by insular domestic political forces that had become lodged in Congress in that period. The cultural and racial prejudices that had led to the enactment of the restrictive national origins quotas in the early 1920s, and that important elite leadership groups shared in common with the mass public, were augmented in the 1930s by economic worries. For example, there had been very little public concern over Mexican immigration, either legal or illegal, in the United States until the Great Depression. For the first time in American history, both legally admitted as well as illegal Mexican immigrants were deported en masse to Mexico in the 1930s.[8]

Although racial prejudice helped to intensify the trend toward a more restrictionist policy during the early decades of this century, it was not the only factor. As Peter Schuck observes, broader ideological currents were also at work. As early as the 1880s, America's emergence as a major industrial world power gave rise to an "aggressive ideology of national dominance."[9] Immigration law was reshaped in response. It changed from the open-door policy reflective of the libertarian and individualistic conception of community that held sway during the Republic's first century to an increasingly exclusionary doctrine based on the restrictive and nationalistic conception of community that began to emerge after the Civil War.[10]

The gradual liberalization of both immigration legislation and public attitudes after World War II is not difficult

6 Survey conducted by the American Institute for Public Opinion, Jul-Aug. 1965, in *The Gallup Opinion Index*, report no 3 (Aug. 1965).

7 For a review of the history of immigration legislation, see Pastora San Juan Cafferty et al., *The Dilemmas of American Immigration: Beyond the Golden Door* (New Brunswick, NJ: Transaction Books, 1983), pp. 39-63.

8. Jorge A. Bustamente, "The Historical Context of Undocumented Mexican Immigration to the United States," *Aztlan*, 3(2):257-81 (Fall 1972).

9. Peter H. Schuck, "Immigration Law and the Problems of Community," in *Clamor at the Gates: The New American Immigration*, ed. Nathan Glazer (San Francisco: Institute for Contemporary Studies, 1985), p. 287.

10. Ibid

to interpret. In the 1940s, the new foreign policy demands arising as a result of America's entry into World War II and its expanded postwar global responsibilities required a more flexible policy. For example, the blatantly racist ban on Chinese admissions was finally dismantled by Congress in the early 1940s because China was an important ally in the struggle against Japan. Mexicans were encouraged to come to the United States to work because of America's wartime labor shortage.

After the war, public awareness of the horrors of the Nazi death camps along with the new streams of refugees from the Soviet-dominated Eastern bloc helped to liberalize our refugee admissions policy—certainly by comparison with the 1930s. However, general public opinion still lagged behind official policy. As late as November 1947, in response to a question that asked how they would vote if they were serving in Congress, 72 percent of the American public said they would vote against letting an additional 100,000 refugees enter from Europe in addition to the 150,000 already allowed to immigrate.[11]

As the world's preeminent international superpower, the United States needed an immigration policy that could accommodate essential foreign policy obligations. Even so, a more liberal refugee policy continued to encounter considerable resistance in Congress.

Though the public remained staunchly restrictionist through most of the 1940s, domestic opinion finally began to change during the early 1950s. A 1953 survey showed the public to be almost evenly split on the question of whether more refugee admissions should be allowed.[12] By the time of the Hungarian uprising against the Soviet-supported regime in 1956, only 34 percent of the American public said that too many Hungarian refugees were being admitted to the United States.

Widespread public support for America's cold war commitments to defend the Free World against the Soviet bloc, and the nation's unparalleled postwar economic prosperity, were undoubtedly major factors in the ebbing of restrictionist sentiment after World War II. Religious and racial prejudice had also declined, especially among the better educated.

NEORESTRICTIONISM IN THE 1970s AND 1980s

The abrupt change in public attitudes toward legal immigration during the late 1970s and early 1980s represents a clear revival of restrictionism. But exactly how should today's neorestrictionist public sentiment be interpreted?

Some scholars assert that today's restrictionist sentiment is little different from the anti-alien agitation of earlier periods. Arguing that the current wave of "nativist agitation" is due to increased economic insecurity along with America's reversals in the international political and economic arena, Wayne Cornelius views the new restrictionism as part of a traditional response pattern. In Cornelius's view, which is partly based on surveys that show the American public wanting tougher enforcement against illegal immigration, illegal aliens are convenient scapegoats for collective frustrations. Aliens are ideal targets because they are seen as a threat to the American way of life. According

11 Survey conducted by *Fortune* magazine, Nov. 1947, for the Roper Center.

12 Survey conducted by the National Opinion Research Center, May 1953, for the Roper Center.

to Cornelius, politicians worry that aliens will maintain their "private cultures," thereby jeopardizing the mainstream culture Americans seek to perpetuate. The public, according to Cornelius, also perceives a link between increased crime and the new wave of illegal immigration.[13]

There are problems with this hypothesis. Though it is undoubtedly true that the stagflation and recession of the past 10 to 15 years are important factors in the emergence of neorestrictionism, the public opinion data do not support the hypothesis that neorestrictionism is motivated by racial or ethnic prejudice. Moreover, the polls—at least those dealing with illegal immigration—offer little evidence to support the view that the public is concerned over crime and welfare.

What is significant about the current neorestrictionism is the fact that the public's attitude toward immigration policy is both inconsistent, especially on the issue of illegal immigration, and lacking in intensity. Surveys that tap American attitudes toward illegal immigration must be interpreted with special care because opposition toward illegal immigration is not necessarily inconsistent with a liberal attitude toward refugee and other legal immigrant admissions. Nor, as we shall see, is it inconsistent with favorable sentiments toward illegal immigrants when they are considered as individual people.

The hypothesis that Americans may very well be upset over illegal immigration in part because they perceive increasing numbers of illegal aliens as constituting a breach of the important value of national sovereignty is one to which serious consideration should be given. Unfortunately, few if any of the polls taken in recent years have attempted to tap this possible attitudinal dimension. Yet the alarm expressed over illegal immigration may really measure Americans' dislike for law-breaking of any kind as well as Americans' concern over the integrity of the country's borders.

What makes this hypothesis tenable is the fact that the overwhelming support registered in recent surveys for tougher immigration enforcement occurs simultaneously with the expression of inconsistent and ambivalent attitudes about how illegal immigrants, as people, should be dealt with.

ILLEGAL IMMIGRATION AND NEORESTRICTIONISM

As recent surveys clearly show, the American public consistently expresses overwhelming opposition to illegal immigration along with calls for strengthened enforcement actions by the government to stop the influx. In a May 1982 poll conducted by the Merit survey, 84 percent of the public expressed concern about the number of illegal aliens in the country.[14] In an October 1977 Gallup poll, 72 percent of the public agreed that penalties should be imposed on businesses that hire illegal aliens.[15] When Gallup asked the same question again in October 1983, the percentage agreeing had risen to 79 percent.[16]

13. Wayne A. Cornelius, "America in the Era of Limits: Nativist Reactions to the 'New' Immigration" (Working Papers in U.S.-Mexican Studies, no 3, Center for U S.-Mexican Studies, University of California, San Diego, 1982), pp. 6-9.

14. *Public Opinion*, p. 49 (June-July 1983).

15. Poll conducted by the American Institute for Public Opinion, Mar. 1977, for the Roper Center.

16. *Gallup Report*, report no. 218, p. 14 (Nov. 1983).

Nor is the American public very forgiving of those who have violated U.S. immigration laws. Although some polls taken in the early 1980s showed considerable support for both the enforcement measures being proposed in new legislation and an amnesty for illegal aliens, recent polls indicate that the public is decidedly cool to the idea of granting amnesty. Had the proposed Simpson-Mazzoli Immigration Reform and Control Act been passed by the Ninety-Eighth Congress and signed into law by President Ronald Reagan, it would have granted lawful resident status—amnesty—to illegal aliens who had lived in the United States since 1980 or 1982, depending on the final version of the act agreed to by the Senate and House. Legislators wanting penalties for employers who knowingly hire illegal aliens viewed the amnesty proposal as a necessary trade-off to put together the needed congressional consensus for the bill's employer-sanctions provision along with increased funding for the U.S. Border Patrol.[17]

Regardless of the necessity for legislative trade-offs, however, support for amnesty appears to be weakening among the general public. In October 1983, a Gallup poll found only 41 percent of the public supporting permanent residence status for illegal aliens who had lived at least six years in the United States, with 52 percent of the public expressing opposition.[18] A June 1984 survey by Gallup found that 55 percent of Americans opposed amnesty for illegal aliens, compared with only 35 percent saying they favored legalizing the status of illegal aliens. Gallup's findings were almost identical to the June 1984 *Newsweek* poll, which found only 34 percent of the public supporting amnesty for illegal aliens, compared with 55 percent who wanted illegal aliens arrested and deported.[19]

By and large, Americans do not think that lawbreaking should be rewarded, as the majorities opposing an amnesty provision show. However, as will be discussed shortly, this attitude is not consistent with the support many Americans extend to individual aliens threatened with deportation.

The evidence also suggests that Americans are restrictionist mainly on the quantity issue—how many immigrants to accept—rather than on the quality issue—which nationalities should be allowed to enter. Although the surveys show that Americans will rank various nationality groups in terms of their perceived desirability, such findings do not necessarily mean that the public desires a discriminatory admissions policy. In the June 1984 Gallup poll, 51 percent of Americans felt that Latin American immigrants had become too numerous, whereas only 26 percent of the public felt this way about European immigrants.[20] Asians were also considered to be too great in number by 49 percent of the respondents. However, only 31 percent viewed African immigrants as having become too numerous. Rather than being indicators of cultural

17. For a discussion of the legislative controversy over Simpson-Mazzoli, see Harris N. Miller, "'The Right Thing to Do': A History of Simpson-Mazzoli," in *Clamor at the Gates*, ed. Glazer, pp. 49-71; for an analysis of why Simpson-Mazzoli's congressional supporters had difficulty mustering the necessary consensus, see Edwin Harwood, "How Should We Enforce Immigration Law?" in ibid., pp. 80-87.

18. *Gallup Report*, report no. 218, p. 14 (Nov. 1983).

19. *Newsweek*, 25 June 1984, p. 21.

20. Ibid.

or racial prejudice,[21] such responses very likely reflect the public's perception of a numerical imbalance in the number of immigrants currently residing in the United States.

THE ORIGINS OF NEORESTRICTIONISM

Today's restrictionism is clearly not as strong or consistent as the anti-alien nativism of past eras. In a June 1982 survey conducted by the Field Institute. it was found that, although three-quarters of California residents favored deporting illegal immigrants and favored passage of a new law that would impose penalties on employers who hire illegals, fully 73 percent also favored a generous amnesty that would legalize the status of those who had been in the country at least five years.[22] A guest-worker program, which would allow aliens to enter and work for a specific period of time, was thought to be a good idea by 58 percent. When asked whether foreign-born immigrants make just as good citizens as native-born citizens, 70 percent said immigrants make just as good or even better citizens.

Although the attitudes of Californians may not be representative of the nation as a whole, such findings are hard to reconcile with the claim that anti-alien nativism is on the upswing. The high percentage in the Field survey claiming to favor an amnesty contrasts sharply with the low percentages found in the nationwide surveys. The high percentage in favor probably reflects the fact that the amnesty provision was packaged with tougher enforcement measures. Respondents favoring tougher enforcement were more apt to accept legalization as part of the package when the poll question allowed no other option.

More recent surveys also reflect this ambivalence. In Gallup's June 1984 survey, 61 percent of the public agreed that immigrants improve our culture with their own cultures and talents. However, almost as many—59 percent—also agreed that many immigrants wind up on welfare and raise taxes for Americans! In the earlier polls, only small percentages of the American public were found expressing concern that illegal aliens might take public welfare.

The portrait that emerges is one of considerable ambivalence and inconsistency in public attitudes toward both legal and illegal immigrants.

It is plausible to argue that the neorestrictionism of the past decade was mainly owing to rising public anxieties over the health of the U.S. economy and, in the case of illegal immigration, over national sovereignty issues, though no survey has adequately tapped this dimension. If one believes, as I do, that neorestrictionism relates mainly to the issue of quantity rather than the national origins issue of quality, then this hypothesis makes sense. But even on the issue of quantity, public attitudes are far from being uniformly consistent.

Did Americans fear that immigrants would take their jobs or lower their wages? Many of the surveys that addressed this issue, or asked the public what it was that concerned them about immigration, found clear majorities of the American public citing the economic factor—pressure on jobs or wages—in response. On the other hand, a number of surveys turned up mixed findings on this point. In a June 1983 *New York*

21. "A Newsweek Poll on Immigration," *Newsweek*, 25 June 1984, p. 21.

22. Survey conducted by the *Los Angeles Times*, 1 June 1982, for the Field Institute

Times survey, 47 percent of those interviewed believed that immigrants take jobs that native Americans consider undesirable. Only 42 percent said that the jobs immigrants take would be acceptable to most Americans.[23]

Other surveys addressed this issue in the context of questions dealing solely with illegal immigration. In a 1982 Field Institute survey of California residents,[24] 46 percent of those polled said "illegals take away jobs from citizens." Still, 30 percent also said that illegals were willing to take jobs Americans would not do and cited this as a favorable effect of illegal immigration. More recently, in the June 1984 Gallup poll, 61 percent of those surveyed agreed that immigrants take jobs from U.S. workers, but 80 percent also agreed that many immigrants work hard and take jobs Americans do not want!

Not surprisingly, American blacks are significantly more concerned about job competition than are either whites or Hispanics. In a survey conducted jointly by Lance Tarrance Associates and Peter D. Hart Research Associates in mid-1983,[25] fully 82 percent of all black Americans, compared with only 58 percent of Hispanic Americans, believed that illegal immigrants take jobs away from Americans. But at the same time, 48 percent of blacks and 51 percent of Hispanics also agreed that many of the low-wage jobs taken by illegal aliens would not be done in their absence and that if illegals did not take them the economy would suffer.

23. Cited in *New York Times*, 14 Nov. 1983.

24. "Deportation Order Threatens a Dream," *Los Angeles Times*, 22 July 1982.

25. "Hispanic and Black Attitudes toward Immigration Policy, June-July 1983" (Survey conducted by V. Lance Tarrance Associates and Peter D. Hart Associates, 1983, for the Federation for American Immigration Reform).

Although the poll data suggest that Americans are ambivalent on this issue, the public's ambivalence corresponds with the reality of jobs held by illegal aliens. Although most illegal aliens work in low-wage jobs that are unattractive to most citizens, a substantial number also compete with American citizens and lawful immigrants for the better-paying jobs.

HOW INTENSE IS TODAY'S NEORESTRICTIONISM?

How intensely does the public feel about illegal immigration? This is an important question to address because if the public does not consider illegal immigration to be a major domestic issue, then the sizable majorities wanting stronger enforcement action or fewer admissions will not translate into effective political action.

In Gallup's June 1984 survey, the percentage of respondents who rated illegal immigration a "very important problem"—55 percent—was substantially lower than the percentages who thought unemployment, inflation, and the threat of nuclear war were important problems: 84 percent, 73 percent, and 70 percent, respectively. Illegal immigration had roughly the same priority for the public as protecting the environment. In the Field Institute's February 1985 California poll, only 3 percent of the Californians cited illegal immigration as the most pressing problem facing their communities and the state as a whole.

The low intensity of public concern revealed by the polls is consistent with other things we know about the public's response to the problem. When the Immigration and Naturalization Service (INS) receives tips on the whereabouts of suspected deportable aliens,

they are usually sent in by individuals of the same ethnic or nationality group as the individual being reported. Typical of the kind of letters routinely sent to INS investigators is the following:

> This people [names are listed] gave me hard time. And I know they not legal in this country. That's why I'm sending this note to you. I don't know they personal address but I know where they work. So please do something about it.
>
> [Anonymous]

Occasionally citizens will report illegal aliens to the INS, citing the need to protect jobs for Americans. Thus, a plant security guard who has observed illegals working at his firm may phone or write a letter to the district office. However, most INS officers believe that personal grudges and grievances account for a majority of informant tip-offs. The illegal alien may have fallen too far behind in his rent and is unwilling or unable to pay. Perhaps he has overstayed his tourist visa and has also overstayed his welcome with relatives in the United States, who may report him anonymously. In some cases, it appears that the alien made a play for a boy- or girlfriend or in some other way became a personal problem to the tipster. Sometimes citizens will call the INS to report that illegals are employed where they work. They will call not when they first learned of the fact, but only after they themselves have been fired or laid off.

Considering the nature of most tips, it appears that active public support for immigration enforcement, as distinct from the passive support registered by the polls, arises not from any nativistic hostility rooted in racial or ethnic prejudice as much as from the personal frictions that arise in the course of day-to-day living and work activities, with the INS serving as a convenient vehicle for punishing an alien who has rubbed somebody the wrong way—usually a fellow foreign national.[26]

While it is true that some citizens do occasionally complain to the INS or to members of Congress about illegal aliens, what bears noting is the fact that when aliens and their families are threatened with deportation, it is often citizens who will mobilize on their behalf. In their eyes, the aliens threatened with removal are good neighbors, reliable tenants, friendly fellow workers, or trustworthy friends. Funds may be raised for the alien's legal expenses, and prayer vigils held during the time his or her family is in detention. Petitions on behalf of the alien and his or her family may be circulated and delivered to politicians in the hope that they will agree to sponsor private bills that will delay deportation until the alien and the family are able to qualify for relief under one or another of the Immigration and Nationality Act's statutory provisions.[27]

THE REASONS FOR PUBLIC AMBIVALENCE

Such inconsistencies in attitude and conduct suggest that Americans respond very differently to illegal immigration, which is an issue in which the immigrant is faceless and unknown, from the way they do to illegal immigrants. Many who will tell a pollster that illegal aliens have no right to work in this country are certain to want to make an exception for

26. Edwin Harwood, *In Liberty's Shadow: Illegal Aliens and Immigration Law Enforcement* (Stanford, CA: Hoover Institution Press, forthcoming), chap. 1.

27. For a good example, see "Deportation Order Threatens a Dream," *Los Angeles Times*, 22 July 1982.

the maid who works for their next-door neighbor or the cook at their favorite Chinese restaurant.[28]

Americans also appear to make a crucial distinction between those aliens who are still abroad and have few equities in American society and those aliens who have managed to come in, hang on, and build equities in the form of stable careers, home ownership, and the like. The surveys show that Americans favor deporting illegal aliens. But Americans become very ambivalent about deporting the individual alien whom they know personally or have read about and who has settled into the society. These aliens are not faceless.[29]

This interpretation is borne out by some recent survey findings. When questions are asked in a way that individualizes illegal aliens, Americans become much more reluctant to endorse deportation. In a February 1984 poll conducted by Kane, Parsons and Associates for the U.S. Committee for Refugees, it was found that 72 percent agreed with the general statement that too many foreigners were coming to the United States to live. However, when respondents were asked whether specific individuals, such as "a man from England" or "a man from Taiwan," ought to be admitted to the United States, large majorities said they favored admission. In short, Americans have an easier time taking a restrictionist attitude toward anonymous and unknown aliens than they do toward specific individuals whose problems or circumstances are known to them.

If today's neorestrictionism were truly nativistic in the traditional sense of being motivated by racial and cultural bias, one would expect to encounter more consistently expressed restrictionist attitudes regardless of how the question was put. Also, one would expect to find organizations actively working to assist the INS in ferreting out illegal aliens. But to the contrary, although traditional hate groups such as the Ku Klux Klan have been trying to stir up public animosity toward both legal and illegal aliens, there is little public support for such demagogic appeals. Given the severity of America's economic difficulties over the past decade, what needs to be explained is the absence of the kind of anti-alien hostility that was a prevalent feature of American life in earlier periods of our history.

THE DIVERGENCE BETWEEN POLICY AND PUBLIC OPINION

When public attitudes on an issue lack intensity and are even contradictory in certain respects, those groups that do feel strongly about the issue will have significantly more impact on policymaking in the legislative and federal agencies.

The divergence between public opinion and official policy over the past 10 to 15 years can be partly attributed to the fact that although polled public opinion—mass opinion—had become more restrictionist, it was offset by the efforts of various legal and political elites to liberalize immigration policy. The liberalization of rights for political asylees—aliens who are physically present in the United States and who request political asylum—in the Refugee Act of 1980 was

28. Rian Malan, "The Necessary Alien. We All Want Immigration Reform. Just Don't Take Our Maids," *California Magazine*, pp. 55-56 (Dec 1983).

29. Harwood, "Alienation," pp. 49-51.

due almost entirely to the efforts of civil rights and other liberal activists.[30]

For many civil rights groups, illegal aliens offered themselves as a new underdog group for a movement in search of new abuses. Illegal aliens were the natural beneficiaries of the extensive civil rights apparatus that had been built up over the past two decades. Today, the sanctuary movement, as it has come to be called, on behalf of refugees from Central America now enjoys substantial support among even conservative middle-class religious congregations. It is by no means just a fringe movement.

Though restrictionism certainly has its lobbyists in Washington, D.C.—among them the Federation for American Immigration Reform—those wanting strengthened immigraton controls are clearly not as influential as the combined pro-alien civil rights and ethnic activist groups—at any rate, not today in the House of Representatives.

As regards immigration policy as a whole, the most effectively mobilized interest lobbies consist mainly of groups favorably disposed toward the expansion of rights for both legal as well as illegal aliens. They were aided in this effort by a federal judiciary that had become much more actively involved in immigration policy during the 1970s and much less deferential to the executive branch and Congress.[31] A more activist federal judiciary managed to improve the bargaining rights of deportable aliens, including persons with very marginal claims to immigration benefits, vis-à-vis the government with the result that adjudicatory and enforcement actions began to tilt in the direction of leniency and underenforcement because of the resource costs imposed on the immigration service.[32]

Poll majorities, whether they amount to 51 percent or 99 percent, are neither interest groups nor voting blocs. Public opinion may or may not be relevant to political decision making. Much depends on how strongly people care about the issue, whether their attitudes are sufficiently consistent to provide clear political direction to policymakers and, last and most important, whether such sentiment is effectively mobilized by organized groups.

By contrast, organized interest groups can have a dramatic impact on policy despite the fact that their views may not be representative of the sentiments expressed by the general public. They have this impact because they are willing to make a heavy commitment of resources for the purpose of lobbying the Congress or litigating in the courts. They are often aided in their efforts because they manage to obtain favorable media publicity or come to be annointed by other social elites as the legitimate spokespersons of their groups and communities on a broad range of issues.

The views of elite spokespersons, however, can depart significantly from the views expressed by the rank and file. Consider, for example, what happened during the legislative struggle over the Simpson-Mazzoli bill. Public opinion surveys revealed clear majorities of Hispanics favoring Simpson-Mazzoli's employer-sanctions provision, though

30. Michael S. Teitelbaum, "Political Asylum in Theory and Practice," *Public Interest*, no. 76, pp 74-86 (Summer 1984); Edwin Harwood, "The Crisis in Immigration Policy," *Journal of Contemporary Studies*, 6(4):45-59 (Fall 1983)

31. Peter H. Schuck, "The Transformation of Immigration Law," *Columbia Law Review*, 84(1):1-90 (Jan. 1984).

32. See Harwood, *In Liberty's Shadow*, chap. 8.

the percentage of Hispanics in favor was not as strong as the percentage of the American public as a whole. In the poll conducted jointly by Peter D. Hart Associates and Lance Tarrance Associates in the summer of 1983,[33] Americans of Hispanic descent—predominantly Mexican Americans—favored tough restrictions on illegal immigration by a margin of 57 percent to 32 percent; 60 percent supported a new law that would make it illegal for employers to hire illegal aliens.

Hispanic leadership elites, however, successfully lobbied against the measure in Congress. It was the elite view that prevailed in Congress—and not just among Hispanic representatives in the House. Members of the House of Representatives are much more concerned that community activists and other leadership elites bring their supporters to the polls than they are about what an unorganized poll aggregate may do—unless they have reason to believe that the majority sentiment turned up by a survey is intensely felt and capable of being mobilized.[34]

33. "Hispanic and Black Attitudes."

34. For a discussion of divisions within the Mexican American community on illegal immigration, see Rodolfo O. De La Garza, "Mexican Americans, Mexican Immigrations, and Immigration Reform," in *Clamor at the Gates*, ed. Glazer, pp. 99-105.

When one considers that illegal immigration had not yet become a very intense preoccupation for most Americans, along with the fact that those groups that did feel intensely about alien rights were becoming important actors on the political stage, the growing disarticulation during the 1970s between immigration policy and general public opinion becomes much easier to understand. It has many antecedents in earlier policy paradoxes—for example, in the gap between public attitudes toward school busing or affirmative action hiring quotas, on the one hand, and government policy, on the other. The American polity responds to mobilized interest groups much more readily than it does to unorganized or weakly organized majority opinion. When interest groups manage to get significant backing from the federal courts, they can even immobilize policy initiatives that Congress and the executive branch do agree on, at least in the short run.

In conclusion, though the divergence between public attitudes and immigration policy during the past decade represents a significant departure from the pattern of earlier periods, it is a political phenomenon that has numerous parallels in our history, especially in the postwar era.

ANNALS, *AAPSS*, 487, September 1986

Social Scientists' Views on Immigrants and U.S. Immigration Policy: A Postscript

By STEPHEN MOORE

ABSTRACT: This article reports the findings of a 1985 survey of 82 eminent anthropologists, economists, historians, political scientists, psychologists, and sociologists concerning the consequences of immigration to the United States. As a group, the social scientists were found to be more supportive of legal and illegal immigration than the general public. Of the six professions surveyed, the economists held by far the most positive opinion of immigrants: 81 percent responded that immigration has had a "very favorable" impact on the nation's economic growth. These results support the hypothesis, suggested by public opinion poll data broken down by level of education, that the more expertise a person has on the subject of immigration, the more likely he or she is to feel that immigrants make positive contributions to American society.

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IN the preceding article, Harwood distinguished between organized interest groups and the general public, and he suggested that the former can have a "dramatic impact on policy." The data presented in this postscript describe the opinions of still another special category of respondents, whose views on immigration might also differ from those of the general public and whose opinions should be of interest to public policymakers. These respondents represent the leading social scientists in the country, many of whom have worked in the area of immigration for a long time. The respondents are current and past presidents of the American Anthropological Association, the American Economic Association, the American Historical Association, the American Political Science Association, the American Psychological Association, and the American Sociological Association. Economists who have served on the Council of Economic Advisors were also surveyed. Of the 188 persons to whom questionnaires were mailed, 82, or 44 percent, filled them out and returned them.[1]

The experts' survey revealed two major findings: (1) taken as a whole, the social scientists hold more favorable views of immigrants than the general public, and (2) the economists hold more favorable opinions of immigrants than the other social scientists.

1 Initially, Stephen Moore, following a suggestion by Julian Simon, sent a four-item questionnaire in July 1985 to the current and former presidents of the American Economic Association and the current members of the Council of Economic Advisors. On seeing the results of that survey, Rita Simon and Moore decided to expand the target population in August 1985 to include the other social science organizations listed in the text Thus, the version sent to the economists is shorter than the questionnaire to which the other social scientists responded.

LEGAL AND ILLEGAL IMMIGRATION

One of the survey questions solicited opinions on the "level of immigration that would have the most favorable impact on the United States' standard of living." (See Table 1.) The economists, who are perhaps the best qualified to assess the impact of immigration on the standard of living, were most favorable toward allowing more legal immigrants to enter the United States.

When the public was asked, in 1982, about acceptable levels of legal immigration, 4 percent responded that they would like to see the number of immigrants increased, 23 percent approved of the current number, 66 percent preferred the number to be decreased, and 7 percent had no opinion. Compared to these results, the social scientists are more favorable than the general public—39 percent versus 4 percent, respectively—toward increasing levels of immigration. Other indications that social scientists generally, and economists especially, hold more favorable opinions on immigration may be seen in Tables 2 and 3. Most economists and noneconomists held that immigration in this century has benefited U.S. economic growth. The social impact of immigration was also felt to be positive, although not as much as the economic impact. Finally, the immigrants' cultural impact was also assessed to be quite favorable. (See Table 4.)

The social scientists differed from the general public on the issue of illegal immigrants. Harwood has reported that, in 1982, 84 percent of the public expressed concern about the number of illegal aliens in the country and that, in 1983, 79 percent agreed that penalties should be imposed on businesses that

TABLE 1
LEVEL OF LEGAL IMMIGRATION (Percentage)

Question Currently the United States allows about 600,000 immigrants to enter the United States each year. There has been talk of reducing this number to 450,000 a year What level of immigration would have the most favorable impact on the United States' standard of living—more legal immigrants than we now permit, about the same number of illegal immigrants, or fewer legal immigrants than we now permit?

	Respondents' Categories						
	Economics	Sociology	History	Political science	Anthropology	Psychology	Total
More legal immigrants	56	25	27	50	25	25	39
Same number of legal immigrants	33	50	55	33	75	33	43
Fewer legal immigrants	0	25	18	8	0	33	12
Do not know	11	0	0	8	0	8	6
Total*	100	100	100	99	100	99	100
(N)	(27)	(12)	(11)	(12)	(8)	(12)	(82)

*Totals may not equal 100 due to rounding

TABLE 2
TWENTIETH-CENTURY IMMIGRATION AND U.S. ECNOMIC GROWTH (Percentage)

Question On balance, what effect has twentieth-century immigration had on the nation's economic growth?

	Economists	Other Social Scientists
Very favorable	81	51
Slightly favorable	19	31
Slightly unfavorable	—	2
Very unfavorable	—	2
Do not know	—	14
Total	100	100

TABLE 3
TWENTIETH-CENTURY IMMIGRATION AND THE U.S. SOCIAL FABRIC

Question What effect has twentieth-century immigration into the United States had on the nation's social fabric?

	Social Scientists*	
	Percentage	Number
Very favorable	47	26
Slightly favorable	24	13
Slightly unfavorable	13	7
Very unfavorable	9	5
Do not know	7	4
Total	100	55

*Economists were not asked this question

TABLE 4
TWENTIETH-CENTURY IMMIGRATION AND U.S. CULTURE

Question. What effect has twentieth-century immigration into the United States had on the nation's culture?

	Social Scientists*	
	Percentage	Number
Very favorable	59	32
Slightly favorable	27	15
Slightly unfavorable	7	4
Very unfavorable	2	1
Do not know	5	3
Total	100	55

*Economists were not asked this question.

TABLE 5
ILLEGAL IMMIGRATION AND THE U.S. ECONOMY (Percentage)

Question. What impact does illegal immigration in its current magnitude have on the U.S. economy?

	Economists	Other Social Scientists
Positive impact	74	18
Neutral impact	11	24
Negative impact	11	51
Do not know	4	7
Total	100	100

TABLE 6
ECONOMIC DIFFERENCES BETWEEN RECENT AND PAST IMMIGRANTS (Percentage)

Question Do you feel that recent immigrants are qualitatively different in economic terms from immigrants in past years?

	Economists	Other Social Scientists
Recent immigrants have		
A more negative impact	7	16
About the same impact	70	60
A more positive impact	4	10
Do not know	19	14
Total	100	100

hire illegal aliens.[2] A smaller proportion of social scientists than of the general public took a negative view of the illegals' impact on the nation's economy, but note how dramatically the economists differed from the other social scientists. (See Table 5.) Three out of four economists believed that the illegals have a positive impact, as opposed to one out of almost six of the other social scientists.

2. Edwin Harwood, "American Public Opinion and U.S. Immigration Policy," this issue of *The Annals* of the American Academy of Political and Social Science.

TABLE 7
SOCIOPSYCHOLOGICAL DIFFERENCES BETWEEN RECENT AND PAST IMMIGRANTS (Percentage)

Question. Do you feel that recent immigrants are qualitatively different in sociopsychological terms from immigrants in past years?

	Social Scientists*
Recent immigrants are	
Less likely to assimilate	36
As likely to assimilate	52
More likely to assimilate	7
Do not know	5
Total	100

*Economists were not asked this question

IMMIGRATION: PAST VERSUS PRESENT

To determine whether there are differences between recent and past immigrants, the social scientists were asked to compare the economic and sociopsychological impact of the two groups. On the economic comparison, the great majority of both economists and noneconomists felt that recent immigrants and more distant immigrants had about the same impact. (See Table 6.) On the sociopsychological impact, as measured in terms of assimilation, the respondents were slightly more critical of recent immigrants. (See Table 7.) The majority, however, as shown in Table 6, reject the proposition that immigrants of recent vintage are qualitatively less favorable than immigrants of past decades, although about one-third are concerned, as indicated in Table 7, that recent immigrants are less likely to assimilate into American society.

All of these responses indicate that social scientists favor immigration more than the general public does. This finding, coupled with results from other surveys showing that negative views about immigrants decrease with increased income and education, suggests that the less threatened a person is economically, and the more expertise a person has about immigration, the more favorable he or she will feel are immigration's consequences. This conclusion is further supported by comparisons of the economists' responses with those of the other social scientists. Economists believe that the economic impact of immigrants is more positive than do noneconomists and they advocate a more open immigration policy than do other social scientists and the general public.

Note also that on those issues about which the noneconomists are most informed—the social, political, and cultural impact of past and contemporary immigrants—the views of the sociologists, anthropologists, and political scientists are more positive than are their responses about the economic consequences. Only the economists, however, come close to a consensus on immigration issues. They seem to reject the common charge that immigrants displace American workers and abuse welfare services. Their views support the pro-immigration position of special interest ethnic groups.

Book Department

INTERNATIONAL RELATIONS AND POLITICS

NOER, THOMAS J. *Cold War and Black Liberation: The United States and White Rule in Africa, 1948-1968*. Pp. xiii, 274. Columbia: University of Missouri Press, 1985. $26.00.

On 27 April 1976, Secretary of State Henry Kissinger redefined U.S. policy toward southern Africa. Speaking in Lusaka, he said that the United States would pursue the peaceful transfer of power from white minorities to black majorities. Washington would play an active role, to forestall Kremlin-sponsored revolutions and their hegemony in southern Africa.

Thomas J. Noer argues that recent American policy is rooted in the seminal development of positions adopted by the Truman, Eisenhower, Kennedy, and Johnson administrations. Materials are now available for research on policy between 1948 and 1968. In his view the time has come for historical analysis on this emotional subject devoid of assertions that suffer from a "lack of evidence and a strident, partisan tone."

Noer's study is based on sources of the four presidential libraries, on State Department records, and on private papers of officials involved in decisions during the period of his study.

This is a definitive volume, an important contribution to the understanding of U.S. policy in the region. The data are reported with accuracy and the record is complete. Perhaps data on one additional facet, U.S. participation in the United Nations, would provide useful information and a differing perspective on the subject.

Noer makes an irrefutable case that, since the onset of the cold war, policy in Africa was governed by America's conflict-laden relationship with the Soviet Union. Thus, despite Truman's antagonism toward apartheid, South Africa's contribution in the Korean War disinclined the president to lead the fight against South Africa. Kennedy tempered U.S. opposition to Portuguese colonialism in southern Africa to ensure the Azores military base. Even those who argued for a more forthcoming stance toward African positions made their case on the grounds that Washington must adopt strong measures against white supremency to win Africans to our side and away from Moscow's.

U.S. policy in Africa typically produced division between presidential advisers who advocated positions favored by the European allies and those who adopted an African perspective. The stands of the European

and African bureaus in the State Department were often at odds. Despite disappointment with the British performance in Rhodesia after the Unilateral Declaration of Independence, President Johnson stood by Great Britain in its positions rather than giving in to the demands of Africans. The evolution of Kennedy's and Johnson's policy on the Angolan insurgency is particularly well developed.

The book concludes with a brief chapter on the post-Johnson administrations. Reagan's constructive engagement consumes two pages. The resources of presidential libraries are nonexistent and Noer's research approach could not yet be undertaken with respect to the more recent administrations.

A final assessment chapter leads Noer to conclude that Washington's "middle road," designed to meet U.S. strategic needs, and a decent respect for democratic values have not been successful. Noer is dubious about the chances for peaceful change in Namibia and South Africa. However, neither is the United States discredited. According to Noer, it continues to play a significant role in the resolution of conflict in the region.

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RAVENHILL, JOHN *Collective Clientelism: The Lome Conventions and North-South Relations*. Pp. xxi, 389. New York: Columbia University Press, 1985. $37.50.

Doctoral dissertations rarely translate well into books that a wide variety of readers find useful. Ravenhill's work is no exception, unfortunately. It lacks broad appeal because of its highly technical style and encyclopedic organization, which presents details to the point of obscuring its main conclusions.

The reason this is unfortunate is that the topic is interesting, the analysis careful, and the conclusions compelling. A thorough discussion of the events and forces leading up to the Lome accord is followed by a rather novel and potentially influential analysis of the impact of Lome. In short, Ravenhill has produced a valuable addition to the professional literature. The reader not already well versed in these events, however, will find the book rather intimidating.

The primary thesis of the analysis is that the now-orthodox model of dependency is a poor explanation of the behavior of the two major groups of participants in the Lome Convention, the European Economic Community and the African, Caribbean, and Pacific less developed countries. Ravenhill cogently argues that an alternative description of the relationship, collective clientelism, is a better description of the agreement as well as being a richer model in terms of the more general analysis it allows of the motives and later actions of the participants.

The difference between dependency and collective clientelism is not obvious, but the distinction is an important one. For Ravenhill, collective clientelism represents a constrained choice that the clients—the less developed countries—hoped would improve their situation: a relationship in which a group of weak states combines in order to exclude others outside the group, thereby gaining particularistic advantages in both trade and aid, and to exploit the patron group's recognition of the clients' relative weakness. That is, in contrast to the usual dependency view, collective clientelism represents a means of exploiting what strengths the clients have available; it is in fact a sophisticated means of acquiring and redistributing resources. Such vertical agreements, while not between equal parties, are at least not inevitably exploitative and may result in the creation of mutually beneficial interdependencies.

The most interesting parts of the book are those in which the client nations' attempts to use this strategy in the Lome agreements are analyzed in the context of contractual obligations and safeguards. Ravenhill demonstrates that the now-widespread disillusionment with Lome, in spite of preliminary enthusiasm, is primarily due to differences in what the two sides believed the obligations of

the patrons to be. Repeatedly, implicit obligations that the clients believed to be guaranteed in the spirit of the agreement, such as aid, loans, or defense, were later denied or withheld by the patrons.

In sum, Ravenhill has achieved a significant step forward by identifying a useful strategy for poor nations, and he has convincingly demonstrated that in order for any such agreements to be successful in the future, more care must be devoted to spelling out the patrons' obligations rather than relying on spirit. Because of the difficult, and at times frustratingly detailed, presentation of this idea, however, a rather significant contribution may not receive the circulation it appears to deserve.

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RICCI, DAVID M *The Tragedy of Political Science: Politics, Scholarships, and Democracy*. Pp. xiii, 335. New Haven, CT. Yale University Press, 1984. $30.00.

As the modern social sciences approach their first century—the American Economic Association celebrated 100 years in 1985—analyses of their histories and problems have been increasing. This book attempts to elaborate from a critical perspective what A. Somet and J. Tanenhaus did in their *Development of American Political Science*. But it does not, as that book and other research on the discipline did, contribute new information. It is largely a historical discussion of crosscurrents in the profession from the literature, particularly those involving applications of scientific method, or behaviorialism, since 1945.

The tragedy that Ricci uses as his lens is that despite aspirations for a collectively confirmed body of coherent knowledge, political science remains contradictory and fragmented. Ricci's explanation is the conflict between "acceptance of scientific techniques and attachment to democratic ideals"—research documenting reality at variance with ideals.

Such judgments result in part from where one burrows in on the discipline. For Eastern European social scientists American political science—and this is what Ricci is talking about—is very coherent and wrong. Have the social sciences in other countries under different circumstances done better? In some subfields significant advances have been made, such as in understanding voting systems—winner take all versus proportionality—with findings that political leaders vigorously apply to gain advantage. If one examines the industries that political science has helped build—political polling and political risk insurance companies—it could be argued that, in market terms at least, small investments have paid off well. We do know, of course, that political science in America is ideologically constrained, imperfect, and misused by manipulators for power and profit. It has always lacked great contributors to political theory, but that indictment can also be made of philosophy

There are gaps in this book. Of the over 1000 footnotes, fewer than 10 contain citations from the 1980s. Little attention is given to international relations. There is only brief commentary on comparative politics, which has enhanced our understanding of macropolitical variables, such as federalism. Much, however, is made of community power studies, although with little recognition of sociological research. Nothing is said about the importance of game theory in the study of conflict.

All social organizations seek legitimacy, perhaps their primary dynamic. Ricci shows how political science shifted from moral philosophy—human "betterment," to use a term from the founding in 1884 of a Society for a New Political Economy—to science. Ricci does not deal with a major factor in this shift: the witch hunts in the 1920s for Bolsheviks and so-called Prussians—most political scientists studied at German universities—and McCarthyism in the 1950s. The 1920s and 1950s were decades of the expansion of

scientific method in political analysis.

I believe that Ricci's perspective of the clash between science and democratic belief is not convincing. A case could be made that where there is agreement about the normative solutions to problems there are coherent advances in the social sciences—for example, in optimal distributions of resources in classical economics or of fairness in voting, both of which have stimulated policy changes in the United States.

I also believe that to treat political science as a variable dependent on the changes in the social order as they impact professors seeking status and reward is unbalanced. Political and social scientists have been an independent force for change, albeit with mixed results. For example, they have influenced the setting of the parameters of policies toward poverty, the establishment of the institutions of the modern presidency, and the formulation of the doctrine of deterrence.

Finally, the solutions offered are meager—great books, less science, resisting fads. One of the assumed strengths of social science in America is that it is decentralized. Ricci has documented some of the costs, but not the benefits.

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AFRICA, ASIA, AND LATIN AMERICA

CAREY, JAMES C. *The Mexican Revolution in Yucatan, 1915-1924.* Pp. 251. Boulder, CO: Westview Press, 1984. Paperbound, no price.

Throughout the nineteenth century and well into the twentieth the peninsula of Yucatan, home of the lowland Maya, had a static social and economic system based on henequen production. A class structure of ruler and oppressed had remained intact since the Spanish conquest. Because of this long, rigid background, the 1910 revolution erupted in the peninsula in a manner that was rough and brutal. Carey's study explains the social, economic, and political bases of the upheaval.

The effect of Francisco Madero's revolution on Yucatan was negligible, and it was not until 1915 that the social revolution occurred. As if to signify the isolation of the area, the revolution arrived neatly via ship with 6000 soldiers under the command of General Salvador Alvarado. Carey thinks Alvarado was one of the sincere caudillos, genuinely dedicated to bringing about social change. Until his time, "it was not possible to point out any person who went further to move the state of Yucatan into the modern world."

Alvarado's successor was charismatic Felipe Carrillo, who dramatically attempted to restore Mayan identity. Between 1915 and 1924 Alvarado and Carrillo initiated reforms in agriculture, labor, education, taxation, and the legal system, which, if single results were not lasting, raised the collective consciousness of the *indios.* While the class structure was not radically changed, the peasants had a deepened experience in mobilization. The socialism, which Carey finds was not linked to international communism, reflected local circumstances and eventually entered the programs of the postrevolutionary Mexican government. However, he concludes that the federal government has to some extent reinforced the old patron-client relationship between the *henequeros*-merchants-financiers and the *indios.*

This reprint edition strengthens the historical literature on the Mexican 1910 revolution. It is especially timely, given the trend of viewing the revolution from the regional perspective. This close political analysis of the revolution in Yucatan is thoroughly researched in local and national archives and is well written, if repetitive at times. It is a basic book for this period of Mexican history.

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KIHL, YOUNG WHAN. *Politics and Policies in Divided Korea: Regimes in Contest.* Pp. xvi, 307. Boulder, CO: Westview Press, 1984. $32.50. Paperbound, $11.95.

In the *Book of World Rankings*, George Kurian identified the Republic of Korea and the Democratic People's Republic of Korea as the only countries that are perfectly—100 percent—homogeneous in ethnic characteristics. Indeed, the two halves of Korea share a common cultural heritage and ethnic origin. Yet the externally imposed political partition in 1948 and the ensuing cold war politics have forced the two systems into a complete mutual isolation. For the last four decades, they have sought their bases of legitimacy in mutual condemnation and hostility and have developed discretely different political dynamics and mutually incompatible belief systems.

Due to the simultaneous presence of cultural and ethnic similarities, on the one hand, and political and ideological differences, on the other, any meaningful comparative study becomes methodologically difficult, if not infeasible. In fact, no one, in my view, has ever attempted a comparative study of the two systems with as much imagination and empirical knowledge as has Young Whan Kihl in *Politics and Policies in Divided Korea*. The volume utilizes a typology of political systems, and the use of such a conceptual framework in the study of Korean politics is in itself a healthy departure from the conventional descriptive and historial methods of investigation. As a result, Kihl has been able to put forth a set of system characteristics as factors that distinguish South from North Korea: authoritarianism versus totalitarianism, state capitalism versus state socialism, and dependent versus independent development. Such characterizations, despite their apparent bluntness, are perceptive and accurate.

Most studies published on the subject are highly subjective by favoring one system over the other, but Kihl's analysis maintains a high degree of evenhandedness and scientific rigor. The scope of the study is broad to include political culture, leadership, decision-making processes, and economic performances; the study also links domestic politics to the international context. The comparative analysis of the unification policies is most comprehensive, realistic, and informative, as one can expect from an author who is as familiar as Kihl is with both societies. There may be those who might be bothered by Kihl's realism, which led him to conclude that "the two Korean regimes are well advised to continue their present courses and policies, maintaining the posture of mutual admonition and stimulation in a healthy and open competition for survival and excellence," but I am not.

Kihl employs a rich body of secondary sources both from the West and in the Korean language. The bibliography is most extensive, and it should benefit greatly those who write research papers on the topic. Kihl provides a significant study both in content and in approach for students of comparative studies as well as Korean politics.

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STEIN, KENNETH W. *The Land Question in Palestine, 1917-1939.* Pp. xviii, 314. Chapel Hill: University of North Carolina Press, 1984. $29.00.

No serious study of Palestine during the British mandate has failed to underline the centrality of agricultural land purchases in the overall strategy of the Zionist program. Until publication of Kenneth Stein's research into subdistrict-level archives, including Palestine Land Registration and Survey Department correspondence, however, such references remained limited to obvious sources of tension. Most lacked systematic development of conditions that governed different aspects and stages of property alienation between 1920, the year of the mandatory's first Land Transfer Ordinance, and the final phase, announced in the ill-fated 1939 White

Paper. This book differs from earlier treatment of land-acquisition activities of the National Fund, a Jewish organization, in several essential respects. First, as a specialized monograph, it can afford to investigate points of view and interests reflected in a wide variety of different documentary sources. If anything, Stein's tendency to cite documentary pros and cons in nearly every major debate, despite the somewhat repetitive nature of positions taken, may be overdone.

Stein's justification for examining as many sources as possible, however, is to get beyond simple generalizations that have so often formed the beginning and end of other historians' treatment of Zionist land purchases. The book does not aim to prove or disprove the obvious: that many Arabs, including representatives of important families who occupied key positions in the staunchly nationalist Arab Executive, sold land to Jews between the two world wars. It investigates the circumstances behind real estate transfers and looks for effects—on Jewish purchasers, Arab sellers, and especially cultivator-tenants—resulting from land sales.

Stein's approach to such effects is tied, from the outset, to what he perceives to be inherent inadequacies and injustices in land tenure and fiscal charges carried over from the Ottoman period. Chief targets, beyond obvious concentration of political and economic privileges among a few traditional landed elite families, are mismanagement of *mushaa* ("communal") village lands and the onerous nature of the *ushur* tax—somewhat erroneously labeled "tithe"—on agricultural production. Stein's analysis of the dislocative effects of Arab-Jewish land sales is based on the assumption that the mandatory power should have legislated, without the necessity of seeking support from either the Jewish Agency or the Arab Executive, reforms in a tenure system that was obviously ill suited to changing conditions that were already visible in the 1920s and that became very seriously pronounced in the 1930s. To do this would have meant going against the vested interests not only of large-scale absentee Arab landlords, the principal sellers to the National Fund during the 1920s, but also of local village notables who, if they were not engaged in selling land, clearly derived benefits from peasant dependency patterns under the status quo.

As the material conditions in the Palestinian countryside—as well as hopes for a compromise political settlement of mandate responsibilities—reached a near-low ebb in 1929-30, the land question became the object of special British investigations. All such inquiries, including the well-known Hope-Simpson Report—and a number of lesser-known investigations whose deliberations are documented in detail by Stein—tried to address the question of increasing numbers of landless Arab families, representing either victims of dispossession after absentee owners' sales to the Zionists or financially ruined dependent cultivators on other Arabs' land. Each report attempted to identify in the office of the high commissioner an authority with sufficient power to block free land transfers or dispossessions that were bound to harm dependent peasant interests. No such plan—which reappeared under a variety of rubrics—ever became law.

In addition to Stein's chronological examination of abortive British political policy options—inevitably followed by detailed review of "Arab reactions" and "Zionist reactions"—the reader will find a complete discussion of another little-known, but very significant—in a negative way—chapter in the land question. According to Stein, the British government's failure to secure funding for vitally necessary agricultural development and, as the effects of the 1930s' depression spread to the countryside, loan programs had two effects. First, budgetary paralysis virtually guaranteed that any local Arab support for politically sensitive tenure reform efforts would atrophy. Second, failure to arrest deteriorating conditions among the Palestinian peasantry sped emergency sale to the Zionists of lands owned by smaller owner-cultivators.

Stein's judgment of the mandatory's policy failures in these several areas provides a

background for assessing the significance—very soon to become long term—of new land purchase patterns between 1935 or so and 1939. The first of these, as implied earlier, was the rising number of contracts for sale to the National Fund of lands belonging to small independent cultivators—the very group that would have benefited most from tenure reform and development loans. These economically beleaguered peasants took the place of the large absentee landowners who had sold the Zionists land in various districts during the 1920s. At the same time, Stein shows that National Fund purchases during the three years of the Arab Revolt (1936-39) placed definite priority on systematic geographical concentration and strategic factors. Both of these land-transfer priorities were tied to the prospect, by then imminent, of a desperate bid by the mandatory for political partition, first in 1937 and then finally in 1947.

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EUROPE

AVIDAR, YOSEF. *The Party and the Army in the Soviet Union*. Pp. 340. University Park: Pennsylvania State University Press, 1985. $24.95.

SUVOROV, VIKTOR *Inside Soviet Military Intelligence*. Pp. xiii, 193. New York: Macmillan, 1984. $15.95.

Since the October revolution, one of the cardinal principles of Soviet leadership has been to subordinate the military to the party. This has meant not only the overall dominance of the party in laying down basic strategy and policy but the day-to-day supervision of the military through a hierarchy of political officers parallel to the military hierarchy, creating a dual system of command. This close supervision has been and is resented by the regular military commanders as inefficient, and in times of military crisis it has proven to be so, causing confusion and chaos. At such times the leadership has reduced the interference of the political officers and supported unity of command through the regular military hierarchy. Once the crisis—as in the case of World War II—was over, they restored the authority of the political officers but still gave lip service to the theory of unity of command.

Yosef Avidar in his study, *The Party and the Army in the Soviet Union*, reviews this shifting relationship between the party leadership and the military command. While he traces this relationship from the beginnings of the Soviet regime, his major focus is on the rise and fall of Marshal Zhukov during the early post-Stalin years—from 1955 to 1958—during which Avidar was Israel's ambassador to the Soviet Union and could follow the conflict at closer range. This episode during Khrushchev's reign was an outstanding example of the conflict and problems the Soviet leadership has had in maintaining a tight control over the military There is good documentation, and Avidar has based his analysis on a careful study of Soviet periodicals and monographs on the military, interviews with émigrés who have served in the Soviet military, and Western studies dealing with civil-military relations in the USSR. It is Avidar's conclusion that although the Soviet leadership was afraid of Bonapartism on the part of Zhukov because he tried to reduce the influence and authority of the political officers, Zhukov himself did not harbor these ambitions. Zhukov wanted only to increase the efficiency and the unity of command in the armed services. This study is a useful and well-documented review of the relationship of the party to the Soviet military forces particularly since the death of Stalin to the beginnings of Brezhnev's reign.

Viktor Suvorov's exposé, *Inside Soviet Military Intelligence*, in its approach is in marked contrast to that of Yosef Avidar. As a former member of the Soviet Military Intelligence (GRU) he tells the story of how the GRU and the State Security Committee (KGB) have competed, how Stalin and the

other Soviet leaders have pitted one intelligence service aganist another, how the GRU has become a powerful force in the military, and how the GRU personnel are trained, organized, and infiltrated into Western countries. As a former officer in the GRU, he is himself a valuable source on how the GRU operates, but in his reporting he does not distinguish between what he knows from personal experience and investigation and what he surmises. The reader needs to understand how Suvorov came to know about the overall developments in the GRU and in the top echelons of Soviet society. For example, the reader must wonder about his reporting on the Ministry of State's attack on the GRU in 1952:

> This time it was the turn of the GRU and all the General Staff to be purged. Stalin was opposed to the move, but the Politburo insisted. Shtemyenko was demoted to Lt.-General and expelled from the general staff. The action continued against the general staff and the GRU, and even against Stalin himself who was removed as general secretary of the Communist Party later that year (pp. 29-30)

Similarly in talking about Zhukov's attempt to weaken or destroy the party's political surveillance, Suvorov writes, "On his [Zhukov's] orders all political workers and Party commissars were expelled from the Army." Both statements report important events. In fact, the events are so important it is hard to see how Western intelligence would not have been aware of them, and, if true, they would alter significantly the way this period has been analyzed. But Suvorov gives no evidence supporting these events and others. Thus the reader does not know what to believe. Suvorov would have done better to confine himself to relating what he actually experienced or what he was able to document from other sources.

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COHEN, STEPHEN F. *Rethinking the Soviet Experience: Politics and History Since 1917*. Pp. xiii, 222. New York: Oxford University Press, 1985. $17.95.

CHOTINER, BARBARA ANN. *Khrushchev's Party Reform: Coalition Building and Institutional Innovation*. Pp. x, 313. Westport, CT: Greenwood Press, 1984. $35.00.

Stephen Cohen, professor of Soviet politics and history at Princeton University, has argued for some time that the dominant Western view of the Soviet Union is seriously misleading. He believes that the essentially totalitarian model badly underestimates the Soviet system's potential for reform and encourages counterproductive Western policies. In his words:

> The lesson is that cold-war relations abet conservative and even neo-Stalinist forces in Soviet officialdom and that Soviet reformers stand a chance only in conditions of East-West detente. Our own cold warriors have always insisted that detente must await the reform of the Soviet system. But that ill-conceived policy serves only to undermine the reformist cause in the Soviet Union

As Cohen realizes, most Soviet specialists—including myself—disagree with much of his argument. In general, he seems to seriously underestimate the major obstacles to reform that appear to be inherent in the Soviet system, regardless of what other countries do.

For example, the Soviet Union has no hope of seriously participating in the current technological revolution without granting much greater access to information and much more room for individual initiative than the current system allows. But such changes would substantially alter existing power relationships, would run counter to the traditional Russian fear of anarchy—noted by Cohen in another context—and would be strongly resisted by the massive bureaucracy, as implied in Chotiner's book. In fact, there has so far been no significant indication that the new generation of Soviet leaders under Gorbachev plans any such

major revamping of the system, regardless of the current status of East-West relations.

Careful case studies provide a major way of testing Cohen's argument, and the book by Barbara Chotiner, an assistant professor of political science at the University of Alabama, to a significant extent supports at least a part of his thesis.

In her thoroughly researched study of the 1962 division of the Party into units responsible for industry and agriculture, Chotiner concludes that the new system in fact resulted in the greater Party involvement in the economy that Khrushchev wanted. This obviously suggests that major change is possible. However, as Chotiner notes, within one month of his removal from office, Krushchev's Party reform was reversed.

If one of the major reasons for his removal was this specific policy, as Michel Tatu and others argue, then his removal is probably evidence more of successful bureaucratic resistance than of the Soviet system's potential for reform.

A renewed period of détente in the wake of the Geneva summit coupled with the new leadership in Moscow, which clearly recognizes that the system faces major problems, will obviously provide a particularly good test of Cohen's argument that serious reformers exist in the Soviet Union and that they only need the right environment to implement major changes successfully.

Cohen's well-crafted book is very much worth reading—even by those who will conclude that he is wrong. Although of greater value to specialists than to general readers, Chotiner's book is also generally well written and a valuable contribution to our understanding of how the Soviet Union functions.

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HOLMES, MARTIN. *The First Thatcher Government 1979-1983: Contemporary Conservatism and Economic Change.* Pp. viii, 238. Boulder, CO: Westview Press, 1985. $22.50.

In the preface to *The First Thatcher Government 1979-1983*, Martin Holmes states that his book has two aims. The first is "to analyze the change in economic policy formation between 1979 and 1983 and the way in which policy sources were translated into reality." The second is to analyze "how the first Thatcher government has changed the nature of contemporary Conservatism."

Among a number of books on the first Thatcher government, that by Holmes is distinguished by its almost uncritical acceptance of most of the government's economic policies. He is reasonably impartial in presenting the evidence, although he ignores the more serious and damaging criticisms that could be made of the government. But on most of the issues he comes down firmly on Mrs. Thatcher's side, depicting her as in control of events to an extent that is difficult to square with the contemporary evidence

The First Thatcher Government is based on contemporary secondary sources, many of which, inevitably, are little more than journalistic accounts and will probably soon be superseded. Holmes has also interviewed a number of Conservative Cabinet ministers, party officials, and back-benchers—some of whom wished to remain anonymous—but their comments are, in the main, innocuous, confirming much of what we know already.

Holmes remains, perhaps, too close to his material to offer much in the way of interpretation, but there are one or two shrewd insights. He understands that Thatcherism has less to do with the technicalities of economic policy than with a certain understanding of morality. "Mrs. Thatcher's moral belief that savings should be protected and sound money respected are more important to understanding the insistence on reducing inflation during her first administration than the complex theorems of Milton Friedman." Holmes echoes Peter Riddell in seeing Thatcherism as "essentially an instinct, a

series of moral values and an approach to leadership rather than an ideology." It is a pity that he does not dig deeper into exploring the roots of Mrs. Thatcher's moral beliefs and their relevance to the problems of a complex industrial society.

Despite the lack of any ideological basis to Thatcherism, Mrs. Thatcher has always been concerned, as Holmes puts it, "to convince the electorate not merely to please them." "The battle of ideas," she told a luncheon guest in early 1983, "we must win the battle of ideas." It is, perhaps, for this reason that Mrs. Thatcher is the first British prime minister since Gladstone to have given her name to a doctrine about government. Gladstonianism, like Thatcherism, stands for a specific set of policy beliefs, while "Baldwinian," "Churchillian," and "Wilsonian" pertain to style rather than policy. Yet the doctrine has had less influence on the British public than Holmes imagines. Indeed, surveys of public opinion have shown that, far from being converted to values of independence and self-reliance, the British electorate is more sympathetic today toward state intervention than it was in 1947 in the heyday of the Attlee administration! Similarly, the Reagan administration, by restoring popular faith in the institutions of government, has also restored the basis for state intervention. It cannot be said, therefore, that the "great revolution in post-war British political life"--which, as Holmes notices, "has not come from the left" but "from the right, Mrs. Thatcher's radical right"—has succeeded in transforming attitudes, as that earlier social revolution of the 1940s managed to do.

Although Holmes provides a perfectly competent narrative, his book is not as well balanced as Peter Riddell's *Thatcher Government*, which remains, in my opinion, the best book on its subject. *The First Thatcher Government*, however, is a useful addition to contemporary history.

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BERNSTEIN, IRVING. *A Caring Society.* Pp. 336. Boston: Houghton Mifflin, 1985. $22.95.

In a period in which federal programs to address human needs are being dismantled, an examination of the federal response to the Great Depression is particularly welcome. *A Caring Society* is a comprehensive account of the New Deal. It covers federal programs to provide cash assistance to the unemployed, to provide job opportunities, to provide income security for the elderly, to create labor standards, and to protect the right of workers to organize and bargain collectively. For Irving Bernstein, this is the third in a series he calls The History of the American Worker. Major emphasis in the volume is on intervention concepts, efforts to shape legislation and steer bills through Congress, and experiences of federal administrators in implementing programs. Bernstein shows, for example, how Franklin Roosevelt had to sort out Harry Hopkins's advocacy for work relief and Harold Ickes's advocacy for public works. We are shown how concern for the elderly poor led to passage of the Social Security Act, which established both the federal Social Security program and the federal-state Old Age Assistance program. Bernstein traces efforts to protect workers from exploitation through minimum wages and to spread work by means of ceilings on working hours. We see how these issues led Roosevelt into conflict with the Supreme Court and how some labor standards were eventually achieved through legislation.

Going beyond legislation, Bernstein provides an overview of what was involved in implementing the programs and some of what they accomplished. We get a flavor, for example, of the administrative nightmare involved in establishing the Social Security system in the absence of computers. We learn about the amounts spent, numbers employed, and types of projects completed through the Works Progress Adminis-

tration, Civilian Conservation Corps, and Public Works Administration. Attention is given to state responses to the Old Age Assistance program and the unemployment insurance system.

Adding dimension to the volume are biographical profiles of a variety of people who helped to shape the era. Included are economists John Commons and John Maynard Keynes, federal administrators Harry Hopkins and Harold Ickes, advocate for pensions for the elderly Francis Townsend, artist Reginald Marsh, and folk singer Woody Guthrie. Bernstein surveys some of the theater, literature, photography, and music of the period to show how it documented the human suffering caused by the depression. We see how both the federal theater project and the federal arts project provided financial support to creative people and fostered socially conscious artistic expression.

The volume is useful in illustrating a number of enduring social policy issues. We see, for example, the problems that arise in setting federal wage standards when there are great regional differences in wage structures. We also see the government's dilemma in wanting to provide people with the help they need, but being constrained by what it can afford.

Bernstein's admiring account of the New Deal has distinct limitations. Very little is said about the experiences at state and local levels in matching federal funds and in implementing programs. Reflecting the general absence of evaluation research during the depression, historians are not in a position to say much about the extent to which various programs achieved their objectives. Bernstein does not critically engage the fact that in spite of the New Deal programs, unemployment rates remained high throughout the 1930s.

A Caring Society successfully bridges academic and general audiences. Academics will find it a rich source of information about the New Deal. The breadth of topics covered, the biographical profiles, well-selected photographs, and plain writing make the book attractive to general readers.

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ERICKSON, PAUL D. *Reagan Speaks: The Making of an American Myth*. Pp. xvi, 172. New York: New York University Press, 1985. $16.95.

Beyond a president's ability to resolve foreign problems and domestic issues is the necessity for the executive to communicate effectively with the electorate. Franklin Roosevelt was able to do this and so was John Kennedy to a lesser degree. Jimmy Carter was unsuccessful. Paul Erickson, a fellow at the Charles Warren Center for Studies in American History at Harvard University, judges Reagan to be the "most persuasive political speaker of our time," a man who is "supremely literary" not in the classical sense but in his ability to integrate stories into his speeches in order to make his point. Reagan's stories, often replete with vignettes of nameless people, recall a romanticized midwestern American spirit, a time before liberals, Marxists, and other false prophets were able to sow the seeds of doubt and confusion among the populace. The sentiment expressed in Reagan's speeches is honest; however, the accuracy of many of his stories and of his depiction of our nation's past is questionable.

Erickson's analysis of Reagan's rhetorical persuasiveness makes for interesting, sobering, and, at times, frightening reading. Erickson discusses the background to many of the stories that often appear in Reagan's speeches, tracing some back to his Hollywood movies and his childhood and young-adult experiences. Erickson pays special attention to the twin themes that Reagan first enunciated to a national audience in his October 1964 televised speech in support of

:epublican presidential nominee Barry ;oldwater. In "A Time for Choosing," or The Speech," as it became known, Reagan ddressed the evils of Marxism and the langers posed by big government in America. ʻo Reagan, most foreign aid, the United Nations, the banning of school prayers, and ;overnment bureaucracy, among other facors, were indicative of how the liberal ıgenda was eroding the basic freedom of the American people. Stories of pregnant welfare ecipients, Cuban refugees, and useless ›ureaucrats were used to document his fears. This speech and selected others are included n an appendix to the book. Erickson's liscussion of Reagan's religious views is evealing. The president spoke of Arma;eddon in 1980 but downplayed this by the ime of the 1984 reelection campaign. The ›ious humility that is reflected in many of his tories becomes more apparent after the ıssassination attempt in 1981.

Erickson lauds the president's capacity to ombine humor, pride, and nostalgia so ffectively in his talks, but he worries about nainstream America's uncritical acceptance ›f Reagan's version of our past and our lestiny. In the 1984 campaign, Mondale poke of the harsh realities facing the counry that could not be ignored. As the Reagan andslide demonstrated, however, voters liked Reagan's feel-good-about-America message, ıot the gloomy assessment and talk of airness offered by Mondale. Why was Reagan so successful? According to Erickson, we believed him because he told us to, and ›ecause we wanted to." We are a nation of ›eople seeking answers, not questions.

There are ample intriguing facets of the Reagan presidency to fuel political observers ›f all persuasions for years to come. Erickson's analysis of Reagan's oratory, his nethod for rallying the public to embrace his version of a reborn America and reborn American spirit steeped in patriotism, is mportant and effectively done.

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KERR, K. AUSTIN. *Organized for Prohibition: A New History of the Anti-Saloon League.* Pp. xvii, 293. New Haven, CT: Yale University Press, 1985. $25.00.

A decade ago the Ohio Historical Society acquired all surviving records of the Anti-Saloon League. K. Austin Kerr, a professor in the Ohio State University history department, is the first historian to have had access to these sources. Kerr writes that when he first saw the manuscripts, books, and magazines in this collection, he

> realized that [they] constituted a major archival source that no other scholar had been able to explore previously. Not only did these materials seem to reveal fundamentally new information about the modern prohibition movement, but they showed that prohibition was a movement that reached deep into the heart of American society over a period of half a century.

In 11 chapters and nearly 300 pages, Kerr views the Anti-Saloon League as one of the earliest and most successful pressure groups in American political life. He relates the growth and development of the league to earlier and failing efforts of the prohibition movement. He shows how the league's work, culminating after 1913 in the successful campaign for a national prohibition amendment, was the result of a twofold strategy: their emphasis was on temperance but their immediate goal was prohibition.

Kerr skillfully reveals the developing schisms and disagreements in the temperance movement prior to the birth of the Anti-Saloon League and then traces the league's birth. Concentrating upon the development of the league in Ohio—what he terms a "model league"—Kerr stresses national prohibition strategy and then the inevitable counterattack by the wets. The years after 1913 were years of success and victory, but the period of 1920-27 saw the league divided and unable to formulate a strategy for continued control. The economic collapse of 1929 found the league divided, led by older personnel, and unable to continue its great successes of two decades earlier.

Unlike many who have studied this period, Kerr believes that prohibition worked. But, he points out,

> if prohibition worked, we now can tell that the Anti-Saloon League did not. The League clearly was a failure after 1920. So adept at rallying dry sentiment and capitalizing on the wave of social uplift optimism that swept through evangelical Protestant groups during the Progressive era, the league officers became mired in their welter of factional disputes, financial difficulties, and disagreements over strategy.

This study gives evidence of careful research, an objective approach, and brilliant synthesis. It will be indispensable to all who work in this area in the future

RALPH ADAMS BROWN

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LARSON, EDWARD J. *Trial and Error: The American Controversy over Creation and Evolution*. Pp. vi, 222. New York: Oxford University Press, 1985. $17.95.

In 1925 a Tennessee court convicted John T. Scopes of violating a state law by teaching evolution in a high school biology course, yet historians later agreed that the Scopes trial actually resulted in a defeat for the anti-evolutionists. Scopes's attorney Clarence Darrow presumably made a monkey of the state's counsel, William Jennings Bryan, leaving Bryan's cause to die of ridicule. Then, supposedly, the spread of cosmopolitanism prevented the revival of what the historians took to be essentially a delusion of Southern small-town and rural minds.

As Edward J. Larson now shows, the truth is quite otherwise. From the 1920s on, by either legislative or administrative action, a majority of the former Confederate states severely restricted the teaching of evolution in public schools. Local rules and customs reinforced state policy. This had a marked effect on high school biology texts, since publishers wanted to avoid controversy and to sell their books in a nationwide market. Before 1925 the texts had given much attention and approval to Charles Darwin and his theory; afterward they deemphasized evolution or ignored it entirely. Evolution did not make a comeback until after 1957, when the Soviets launched *Sputnik*, Congress passed the National Defense Education Act to encourage the teaching of science, and the Biological Sciences Study Commission saw to the rewriting of textbooks.

Finally, in 1968, the Supreme Court declared unconstitutional a state anti-evolution law, that of Arkansas. Anti-evolutionists rallied by labeling creationism a science and demanding equal time for it. A few Southern states responded with equal-time, or balanced-treatment, laws. In 1982 the Supreme Court disallowed the Arkansas law on the grounds that "creation science is not a science" and that the "only real effect" of the statute was "the advancement of religion." In 1985 a federal district judge decided against the Louisiana law, but the state has appealed the case.

Whatever the outcome of the appeal, the "60-year-old creation-evolution legal controversy [will] continue," Larson predicts, "because its impetus comes from social forces lying far beyond the reach of the courts." When the courts take up the issue, they reflect public opinion to a considerable extent, and so they do not allow science education to advance far beyond popular thought. If the courts do disregard local beliefs, those beliefs continue largely to prevail anyhow. "Court decisions and constitutional principles have only a limited effect on actual school practices, as shown by the widespread disregard for the Supreme Court rulings against school prayer."

A practicing lawyer with a doctorate in the history of science, Larson is well qualified for such a study as this one. More judicial than lawyerly, he shows equal respect for evolutionists and anti-evolutionists. His is the first comprehensive account of the controversy, and it is admirably clear, compact, and cogent.

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REIMERS, DAVID. *Still the Golden Door*. Pp. ix, 319. New York: Columbia University Press, 1985. No price.

Clearly, David Reimers has done much research for *Still the Golden Door*. Mostly, it is well documented with many immigration issues, events, and laws presented. The book traces the changing makeup and increasing numbers of immigrants coming into the United States from World War II to the present. Reimers discusses the various and unsuccessful—congressional attempts to cap immigration and presidential efforts, since Eisenhower, to use immigration as a political tool to admit those fleeing communism, but not those fleeing regimes allied with the United States.

Reimers seems unclear, however, on which tack to take: immigrant advocacy or a historical account of recent U.S. immigration policy and practice. The book has much colorful advocacy language: for example, "odious racist," "bigotry," "appalling," and "disgraceful and unfair." These labels are found, however, more heavily in the early chapters and the conclusions where he seems called upon to let us know his position. In contrast, when discussing specific immigrant groups such as the "Braceros" or "the new Asian immigrants," Reimers is less prone to such political language and more prone to qualify.

Reimers does not appear to acknowledge any legitimacy to counter more hostile positions on a "wide-open golden door." For instance, though recognizing the debate, he leans toward describing those here illegally as "undocumented aliens." Also, he mentions "apprehensions" on the part of, for example, the environmentalists, but he does not really integrate the zero-population-growth stance or discuss the positions of Lester Brown and the Worldwatch Institute. A recognition that the changed Third World population policies form part of the solution seems appropriate. Moreover, there is relatively little said that gets at both popular and official fears in the United States. Specifically, for instance, he does discuss the fishing conflict with the Vietnamese refugees in Texas, but not from the Texans' vantage point. Bilingualism is also briefly introduced, but with little appreciation for those with Quebecois or cost concerns. Official Washington, including many in Congress and the Immigration and Naturalization Service, are presented unsympathetically.

There are a number of minor criticisms of *Still the Golden Door*. For example, a glossary of terms, especially of immigration acronyms, is needed. The writing is generally solid, but there is overuse of certain terms, such as "hence" and "brain drain." Also there is not enough discussion on the conflict between the federal government and both the cities and the churches concerning the sanctuary movement, which has grown quite extensively in recent years. Although there is some consideration of the flow back and forth across the borders, this activity seems to warrant more than is found in this book.

Although flawed, *Still the Golden Door* does summarize the recent problem. Since the book for the most part is well written, well referenced, and generally discusses the problem ably, it should be a welcomed library addition

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SOCIOLOGY

CASSITY, MICHAEL J., ed *Legacy of Fear: American Race Relations to 1900*. Pp. xxxix, 248, Westport, CT: Greenwood Press, 1985. $35.00.

Cassity, of the University of Wyoming, has put together a useful compendium of documents chronicling the history of American race relations to 1900; it is not unlike his earlier *Chains of Fear: American Race Relations since Reconstruction* (1984), to which this volume is a companion. Together, both volumes constitute an invaluable resource providing a documentary history of Ameri-

can race relations nowhere else available. In *Legacy of Fear*, Cassity formulates the theoretical base from which both volumes are fashioned:

> By integrating the pattern of race relations into the larger structure of life that gives them their particular forms and logic, however, it is possible to avoid some of the isolation of the issue into a narrow struggle between the races, between racial subordination and equality—the kind of framework that lends itself more to moralizing than to understanding. A major goal of this study is to suggest some ways in which American race relations emerged from certain patterns of life and social organization and how those patterns are related to the larger society (p. xiv).

The text includes an introduction—actually, a long sociohistorical essay that searches out the origins of American race relations—followed by a chronological and thematic structure within which the source documents are gathered, namely: part 1, "Seventeenth Century Beginnings"; part 2, "Slavery and Social Relations"; and part 3, "The Market and the Conditions of Freedom." Although Cassity gives no rationale for the structure of the compilation, it proves to be a practicable articulation within which the collected source documents define the evolution of a changing pattern of social organization out of which social and historical contexts emerge and coalesce. It may be cogently argued that the structure of the text serves Cassity's major purpose:

> Despite this emphasis on social context in the search for meanings of particular events or actions and despite the emphasis on the market as a historical force shaping that social context there is no intention here of ascribing the course of race relations in America to a deterministic, inevitable pattern of change. Indeed, one basic theme of this presentation is exactly the opposite: people, in active relationship with their environments, have made conscious decisions, consequences with which we now live (p. xv).

Each of the source extracts is preceded by a headnote in which Cassity provides both an abstract and commentary. These headnotes—veritably, *obiter dicta*—are logical extensions of Cassity's general introduction, providing a continuous narrative that gives the compilation a dimensional life of its own. Cassity is to be commended for an eclectic selection of documents, varied but comprehensive in their delineation of race relations evolving out of seventeenth-century developments to the institution of slavery and its subsequent progress in the New World and beyond. Here, Cassity is much indebted to the conceptualization formulated by C. B. Macpherson in his *Political Theory of Possessive Individualism: Hobbes to Locke* (1962). In all, 78 source documents are included, ranging from William Bullock's *Virginia Impartially Examined* (1649), on servants in the new world, to "A Savage Ritual," drawn from the National Association for the Advancement of Colored People's *Thirty Years of Lynching in the U.S., 1889-1918* (1919).

Cassity's *Legacy of Fear* has a twofold importance: (1) it establishes both a social and historical context for American race relations, and it makes this context intelligible in the broader patterns of social organization and change; and (2) it provides an extraordinary range of source documents that should prove invaluable to students of American race relations.

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HOROWITZ, DONALD L. *Ethnic Groups in Conflict*. Pp. xiv, 697. Berkeley: University of California Press, 1985. $25.00.

"Ethnicity has fought and bled and burned its way into public and scholarly consciousness." This pressing problem led Horowitz to make a comparative study of the politics of ethnic group conflict in a wide range of severely divided societies. He examines the theory "that increased political consciousness could be expected to consolidate the unity of states with homogeneous populations and 'strain or destroy' the cohesion of states with diverse populations." Since "few

states are homogeneous and many are deeply divided," he sought a more optimistic conception.

After surveying aspects of conflict theory related to ethnic groups and ethnic involvements in politics and the military, Horowitz studied the probable utility of five ways of reducing ethnic conflict. These are (1) scattering power, as does the United States; (2) emphasizing opportunities for intra-ethnic competition and conflict; (3) creating incentives for interethnic cooperation; (4) encouraging politico-economic alignments based on other interests; and (5) reducing inequalities between groups to combat dissatisfaction. The second method usually winds up encouraging interethnic conflict, and the fourth results often in such ethnoclass conflicts as that in Northern Ireland.

The chief problem with Horowitz's analysis is that he deals chiefly with the symptoms that ethnic conflicts represent. He does not probe the usefulness of such conflicts to power manipulators: how ethnic conflict can take the place of class conflict to the benefit of those controlling the politico-economic fabric.

He realizes that democracy has worked fairly well in the United States in spite of the diversity of our ethnic groups, but he claims that such success "is exceptional in severely divided societies." This is because the "avoidance of bifurcation along ethnic lines" is "a critical task in the maintenance of democracy, as it is in the limitation of ethnic conflict," and policymakers find many reasons for not taking "action in time, for the irony is that it is more difficult to induce them to act when action promises better results."

In spite of the dismal picture he gives of the ethnic disintegration of democracy in so many countries, Horowitz winds up on this optimistic note: "There is no case to be made for the futility of democracy or the inevitability of uncontrolled conflict. Even in the most severely divided society, ties of blood do not lead ineluctably to rivers of blood."

It would have been more instructive if he had shown how corporations benefit from lower pay scales, lower absentee rates, and greater dedication and efficiency on the part of their workers as a result of their encouragement of interethnic conflict patterns.

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KAISER, GUNTHER. *Prison Systems & Correctional Laws: Europe, the United States, and Japan, a Comparative Analysis.* Pp. xiv, 224. Darmstadt, Germany: Wissenschaftliche Buchgesellschaft, 1984. Distributed by Transnational Publishers, Dobbs Ferry, NY. $35.00

Applause! One should give praises to Gunther Kaiser for his work on correctional systems in numerous societies. It is a winner and so much so that descriptions like "comprehensive, understandable, logical, cogent, and encyclopedic" seem germane. This work is not only a source book but a textbook for upper-division college offerings.

Kaiser systematically reviews the comparative characteristics of the correctional systems in the 14 countries of Europe, the United States, and Japan. Of the three major sections, the first introduces the cross-cultural or comparative method of analysis. He prepares the reader to be aware of seven criteria to be used in the next section. Briefly, the first cluster of these—the organizational level—can be condensed into the historical and social considerations within the correctional system and outside to the larger society. Additionally, the remaining portion directly concerns the individual level of inmate treatment and rehabilitation.

Kaiser describes in section 2 all the correctional systems. From country to country Kaiser notes variances occurring in the treatment of inmates. In Japan, prisoners are treated in a lock-step fashion. East Germany emphasizes training of the inmate to return to the outside world. Sweden still remains one of the most progressive systems, but it

has withdrawn somewhat from the treatment ideology. Part 3 of this triune presentation is the summary and evaluation. How does Kaiser speak to the issue? He comments, "What can we conclude from our analysis? Perhaps we would say that the idea of treatment is 'dead.'" He then underlines and analyzes arguments against rehabilitation. He demurs. After reviewing the retrenchment from resocialization and treatment in most countries, he makes the cases for a policy that takes into account political reality and the more optimistic ethos of the 1960s.

Kaiser, an academic heavyweight and director of the Max Planck Institute, may want to expand this project in the next edition to prison systems throughout the world. By negotiating with relatively objective social scientists of numerous countries to complete such a seminal work, Kaiser could edit and collate information from all over the world.

If others sense the importance of Kaiser's contribution, it would not surprise me. Objectivity has been combined with the stench of prisons, the fear of the beaten victim, and cynics behind bars.

This book will find itself in good libraries of all varieties and it will be the personal choice of both professionals and the wider public.

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MANN, KENNETH. *Defending White-Collar Crime: A Portrait of Attorneys at Work*. Pp. xiii, 280. New Haven, CT: Yale University Press, 1985. $25.00.

Caution! This book may further erode the reputation of attorneys among the general public! It is a densely written study of the role of attorneys, mostly former federal prosecutors with superb law school credentials, in preventing detection and proof of white-collar crimes in the federal courts While it is totally accessible to the layperson, it is a virtual how-to manual for street-crime defense lawyers desirous of entering a more lucrative practice. Mann, a lawyer-sociologist who carefully explains his methodology and provides an excellent apparatus, including footnotes and appendices, and who himself, as part of his research, was an associate in a white-collar defense law firm for about 18 months, demonstrates logically and persuasively how information control exercised from the moment an individual first becomes aware that he or she is a suspect until sentence is pronounced is the primary device utilized to protect the client from the consequences of his or her actions. Throughout this process the attorneys are generally operating at the outer limits of what is ethically permissible, carefully ensuring that they do not become knowing participants of ongoing criminal conduct, sometimes coaching their clients indirectly but devastatingly effectively in various methods and means of thwarting the government's case.

The last chapter, "White-Collar Crime Defense and the Adversary Process," summarizes Mann's findings and deals with the ever present dichotomy between information control and professional ethics. Only a careful reading of the entire text, however, will give the reader the full benefit of the insights provided into an aspect of legal practice that, while attracting much publicity if and when it does reach the trial stage, is in fact litigated every step of the way in a highly adversarial fashion.

Ultimately, Mann raises the question of "whether a change is not called for—expanding in closely measured fashion the opportunities to use search and seizure in the context of white-collar investigations." He thereby reveals his personal position based on his careful examination of a little-understood legal specialty.

The book is carefully edited. I found only two typographical errors. I was, however, annoyed—and this may merely reflect my

personal prejudices—by a large number of split infinitives that detract from this valuable and otherwise excellent volume.

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MICHAELSON, WILLIAM. *From Sun to Sun: Daily Obligations and Community Structure in the Lives of Employed Women and Their Families*. Pp. xix, 208. Totowa, NJ: Rowman & Allanheld, 1985. $28.95.

The key feature of this book is its wealth of detailed data on how family members spend their time when women are employed full-time, part-time, or not at all. The data were collected in interviews of three to seven hours with over 500 Toronto families in 1980, using time budgets and other questions about typical responsibilities, time pressures, and happiness.

The detail allows some cool empirical insights into some hotly debated questions, such as whether working mothers give their children more quality time. There are no substantial differences in the proportion of child-care time that is given to discretionary activities, but employed mothers average 17 minutes a day compared to 32 minutes for full-time housewives. On the other hand, children of employed mothers are taken on more child-centered excursions and spend more time reading and less watching television than those whose mothers are home full-time.

Husbands' contributions to housework and child care are also assessed in detail, both in terms of time spent, responsibilities taken, and time pressures and tensions created. On the whole, husbands were seen as adding to, rather than diminishing, time pressures and tensions.

Despite the excellent data, the analysis is too often superficial. Even when the data cry out for multivariate analysis, the appropriate controls are not introduced. For example, income differences in the aggregate between families in which women are employed and families in which they are not are noted, but when examining happiness or tension or even eating out, income is not controlled for. Additionally, the various pieces of the picture that the simple relationships provide are not pulled together into a systematic analysis with a clear theoretical focus; the model discussed in the first chapter does not really guide the analysis in the later chapters. These limitations may make the reader look forward to secondary analyses of these excellent data, but until such appear, this book is a fine compendium on what is known on how women's employment does and does not change the time commitments within families.

MYRA MARX FERREE
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RAVITCH, DIANE. *The Schools We Deserve: Reflections on the Educational Crises of Our Time*. Pp. ix, 337. New York: Basic Books, 1985. $19.95.

Readers will find several features of *The Schools We Deserve* agreeable, not the least of which is Diane Ravitch's direct, lucid prose. She is used to the public platform and knows how to tell a good story. In addition, her opinion that Pablum-like textbooks should not have pride of place over meaty primary works and that all students should be required to take beefed-up academic requirements in high school will certainly make for delectable reading by college professors and other academicians.

Yet, beyond that, there is little to cheer about in this book. Its pages are replete with minor irritations: the use of absolute rather than proportionate data when detailing trends in American education; an unabashed special pleading for her own field, history, which she wants all social studies courses to be replaced by or taught as; and a selective

retelling, and thus distortion, of the content of the various national commission reports. She completely ignores, for example, the Excellence Commission's recommendation that schools should provide just as rigorous a program in vocational education as in the basics.

Most immediately distressing, however, is that the first 11 chapters are virtual carbon copies of each other. Over the past ten years Ravitch has given a lot of speeches and written a number of pieces for newspapers and politically conservative magazines, and I am sure it is personally gratifying to have those efforts all neatly packaged for her by Basic Books. But, reader, beware: the first 160 pages are tortuous reading. To avoid the same thing 11 times I suggest reading the introduction and first chapter and then skipping immediately to chapter 12; do not worry, not a thing will have been missed.

The final nine chapters contain some useful reviews of the history of desegregation and of bilingual education as well as some thoughts on the future of education in America. However, to contextualize these sections readers must keep in mind Ravitch's conservative bent and an elitist view of education that is not unlike that of Mortimer Adler and company. Often, the later chapters contain more polemics than history. Logical contradictions and inconsistencies pepper the work, particularly in chapter 19, "The Good School," where Ravitch's biases are most clearly and painfully revealed. For example, she thinks calling Indians "Native Americans" is just so much bureaucratic jargon and admits to being "charmed" by a certain New York school teacher's "indifference to the demands of ethnic piety."

Ravitch acknowledges that family dissolution is one cause of student failure in the classroom, but she ridicules courses that attempt to teach children how to overcome such a handicap as just so much "junk." She thinks vocational education is too expensive but wants a dynamic nation nevertheless. Apparently she has forgotten that America was built by people who could use both their heads and their hands.

No doubt readers will find themselves agreeing with several of Ravitch's analyses of the desegregation dilemma and other topical issues, but they will certainly want to distance themselves from her superior air—a sort of old Southern aristocratic mode—and her undisguised ethnocentrism. She wants schools to produce good citizens, but in her ideal school students will mainly be taught "American culture," "Western Civilization," "Western literature," and "our literary heritage." To be a good American citizen today, however, is in fact not to be an American citizen at all, but rather a global one. She is concerned that unless we all read the same books of Western literature we will become cultural illiterates. She fails to see that, in certain respects, we have already become such because that is all we read. I find it inexcusable that while she insists students read the Bible and Shakespeare she does not also demand they know the Koran, the Kojiki, and the West Indian dialect poets, to name a few. Nor does she seem to recognize that much of what is important about our world cannot be read at all. Literacy is not just knowing the names and works of famous writers and thinkers—a sort of great-man theory of knowledge. Rather, being well-read in the 1980s means knowing a lot, ironically, about people who do not, cannot, and will not write and whom we must, therefore, learn about primarily by experience.

There is much more I would like to say about the implicit assumptions and logic of Ravitch's philosophy of education, but much of it would not be very complimentary and so I will refrain. Elsewhere, Diane Ravitch has been called a "shrewd critic," "wise," a person who writes with a "keen eye." These evaluations may, in fact, be true, but I am afraid readers will find very few of those qualities revealed in *The Schools We Deserve*. From someone as articulate as Ravitch we deserved something better.

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ROOS, PATRICIA R. *Gender and Work: A Comparative Analysis of Industrial Societies*. Pp. xiv, 233. Albany: State University of New York Press, 1985. $34.50. Paperbound, $10.95.

FARLEY, JENNIE, ed. *Women Workers in Fifteen Countries: Essays in Honor of Alice Hanson Cook*. Pp. xv, 195. Ithaca, NY: ILR Press of the New York State School of Industrial and Labor Relations, 1985. $24.00. Paperbound, $9.95.

Since much sociology makes use of data and examples from just the United States, it is refreshing to find two books that make a great effort to place the problems of working women in a cross-cultural context. Each book uses a different technique, but the conclusions reached seem similar.

By far the more ambitious undertaking, *Gender and Work* by Roos involves the comparison of survey data on female employment patterns in 12 industrialized nations. Only Japan represents non-Western nations. While a number of different hypotheses are tested, a general conclusion reached by Roos again and again is how similar the employment patterns are in all industrialized nations. Further, Roos finds uniformly high levels of occupational sex segregation in very different labor markets. Even in socialist societies, married women devote far more hours per day to family responsibilities than do men. Conclusions are backed by careful data analysis, and each chapter is based on a very complete and well-written review of the literature.

For all countries, education was the best predictor of occupational attainment for both sexes. "The evidence offers some support for the hypothesis that never-married women are more similar than ever-married women . . . [in employment patterns]." Human-capital explanations did not emerge as good predictors. The book ends with recommendations on how policymakers might make working conditions for women more fair and less discriminatory. Since women in all the countries studied clustered in similar occupations, however, Roos is forced to conclude that finding easy answers to gender equality in the work force is very difficult.

Farley has edited a series of essays on women workers. Twelve nations are discussed separately under chapter headlines that simply list each nation as a title. Japan and the People's Republic of China represent the non-Western countries. Most nations of the world, however, are simply grouped in a separate chapter, "Low Income Countries." The essays in *Women Workers in Fifteen Countries* do not use data to make conclusions. Rather, each piece represents a broad overview of the drive for employment equality. Professional social scientists would find little of interest in such a book, although it is possible that students in a lower-division course might make use of the essays for introductory purposes.

As greater numbers of women enter the labor force, the questions raised by both books will become more and more a political issue. Finding that the patterns of employment for females are strikingly similar in most industrialized nations suggests that socialist and capitalist societies have a lot more in common than political dogma would suggest. For those who wish a summary of the literature and a complete effort to test the various theories, *Gender and Work* can be highly recommended.

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ECONOMICS

DeBARDELEBEN, JOAN. *The Environment and Marxism-Leninism: The Soviet and East German Experience*. Pp. xi, 338. Boulder, CO: Westview Press, 1985. $29.95.

It has often been said that everyone talks about the weather, but no one ever does anything about it. The same seems to hold true for the environment in both the Western

capitalist and Eastern socialist blocs as the ecological impact of human activity on the environment increasingly is recognized as a global problem. The plethora of talk and paucity of action in the socialist bloc is well documented in this carefully researched and thoughtfully argued book, which examines the development of environmental thinking in the Soviet Union and East Germany since the 1960s.

DeBardeleben's guiding theme, which she sustains expertly throughout the narrative, is the role played by Marxist-Leninist thought in framing environmental policy in the Soviet bloc. She divides her account into two parts. The first addresses the broad ideological and theoretical challenges posed to Marxism-Leninism by the ecological crisis. Here, she investigates how environmental problems might weaken the legitimizing role of communist ideology in party rule. In addition, the work of Soviet and East German scholars on environmental questions is reviewed in terms of its substantive approaches to ecology. Also closely detailed are the institutional limits imposed on environmental work by the overall organization of scientific research. The second part of the book focuses on the economic policies and doctrines that severely constrain improving environmental conditions in both the USSR and the German Democratic Republic (GDR). DeBardeleben points out how the natural-resource pricing policies, the national planning apparatus, and a productivist growth fetish of these state socialist economies largely have stymied any lessening of state socialism's negative ecological impact.

In elaborating her general arguments, however, DeBardeleben makes several significant points about the place of environmentalism in Marxist-Leninist societies. First, she indicates that the USSR and the GDR follow divergent approaches in formulating their environmental policies. The greater resource scarcities and lesser regime legitimacy of the GDR, she maintains, have moved it to be more attentive to ecological problems that trouble its citizens. Likewise, the East Germans' exposure to West German political debates on the environment and ecological politics in the electronic media exert more popular pressure on East Berlin than is felt in Moscow.

Second, DeBardeleben's analysis of Soviet and East German environmental thinking reveals the same split that exists in the West between an official, resource-management environmentalism of the state and an unofficial, anti-anthropocentric ecological consciousness among maverick academicians, church thinkers, and elements of the public. Particularly in the GDR, this ecological consciousness has linked environmentalists with a small, local peace movement through the limited but relatively open debates being conducted by the Evangelical Church. Nonetheless, the official line of the state media and party suppress virtually all doubts about the state's growth policies, moving Debardeleben to observe that "what is denied to Soviet and East German environmentalists is the opportunity to engage in a prototypical Marxist activity: the critique of private interest and public ideology."

Third, her treatment points out how the imperatives of maintaining employment, supplying increasing stocks of consumer goods, and sustaining economic growth to support the military and evince the superiority of socialism obviate placing any artificial limits on economic productivity in the USSR and the GDR to protect their ecosystems. The institutional ambivalence of these regimes over classifying environmental protection as unproductive or productive labor and the purposive underpricing or nonpricing of natural resources all contribute to profligate waste. Still, DeBardeleben notes that despite these institutional and ideological barriers there has been a genuine if limited awakening of environmental concern in both nations since the early 1960s. Moreover, the concerns of technical experts over environmental destruction are being articulated successfully in the territorial and national party structures, forcing more attention to be devoted to the problem, whereas historically it had been ignored in the quest for growth.

Ultimately, Soviet and East German pol-

icy on the environment remains contradictory. On the one hand, as Debardeleben suggests, both regimes remain officially optimistic, arguing that world socialism and technology will triumph over capitalism and material necessity. Environmental problems are either attributed to the flaws in capitalism or merely are seen as passing idiosyncratic mistakes in building socialism. On the other hand, these governments unofficially recognize that they do have real ecological problems. Real solutions to these systemic problems will demand costly trade-offs and sacrifices. Yet, in both the USSR and the GDR, "it cannot be admitted directly and openly that they are essentially the same environmental problems that plague Western countries." As long as ideological doctrine and party inertia guarantee that silence is the best guard against heresy, these imposed silences will prevent both nations from dealing squarely with the environmental crises now threatening their continuing economic viability. In surveying these contradictions, DeBardeleben has brought together a diverse, complex set of literatures on the environment and political economy into a coherent, theoretically sophisticated account of the ecological crisis in the USSR and the GDR. The book is thoroughly researched and well written. It should be of interest to readers concerned with environmental debates in the Soviet bloc, Marxist-Leninist ideology, and the economic policy process in the Soviet Union and East Germany.

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PECHMAN, JOSEPH A. *Who Paid the Taxes, 1966-1985*. Pp. xi, 84. Washington, DC: Brookings Institution, 1985. $8.95.

DENISON, EDWARD F. *Trends in American Economic Growth, 1929-82*. Pp. xxv, 141. Washington, DC: Brookings Institution, 1985. $28.95. Paperbound, $10.95.

MATTERA, PHILIP. *Off the Books: The Rise of the Underground Economy*. Pp. 160. New York: St. Martin's Press, 1985. $25.00.

The data base for Pechman's *Who Pays the Taxes* comprises family surveys from 1966 to 1975 with projections to 1980 and 1985, which were merged with tax information for families with similar but not identical socioeconomic characteristics. This allowed estimates for each family of taxable and nontaxable income and direct personal taxes. The incidence of indirect taxes was assigned to families using several variant assumptions on incidence, particularly with respect to the property and corporate income taxes. In his usual clear style, Pechman makes accessible the methodology, the limitations of the study, and the major conclusions.

Under the polar assumptions about tax incidence, taxes rise from 20 to 27 percent of income from lowest to highest family income decile, or they decline from 30 to 25 percent. While the incidence assumptions make a difference, the overwhelming impression is that the burden of federal, state, and local taxes was close to proportional to family income in 1980. Pechman's estimates for 1966 and 1985 suggest the tax burden has become more regressive because of the decline in the relative importance of property and corporate income taxes and because of the rise in the importance of payroll taxes.

While the tax system does not alter the income distribution, Pechman shows that the transfer payments are highly progressive and that they much more than offset any regressivity in the system. Thus in 1980 the distribution of family incomes before taxes is more unequal than after taxes and transfers. It would have been most interesting if Pechman had been able to provide estimates for transfers in other years. This is a valuable study and written in a clear fashion that makes it accessible to general readers.

Edward Denison's previous six studies of U.S. economic growth have been reference

works for the past 20 years. His latest contribution, under review here, follows the format of earlier studies, allocating growth among growth in inputs to production, factors affecting utilization of capacity, quality of inputs, and a residual factor. What was striking for the period 1929-62, which Denison covered in his first study, was the large positive size of the residual. Essentially, much of U.S. growth was in addition to that which could be explained by quantity and utilization of inputs, even taking account of what some considered a very large allowance for the effect of education on the productivity of workers.

What is striking in the present study is that the residual factor for the period 1973-82 is negative. In magnitude it reduced the overall annual growth by over 30 percent of what would have been expected from input changes. This finding is not new to Denison, who carefully reviews the work of many of the authors who have attributed this decline to factors like U.S. management failures or imposed reductions of testing of prospective employees. Denison does not assign an important role to oil price changes, but rather believes that the decline in productivity in the United States is the result of many small unmeasured output determinants. He believes that government efforts to raise productivity by stimulating investment will have a low payoff and that the ball has been since 1973 and remains in the court of business managers.

On the question of the underground economy, Denison has taken a strong position that it has not been the reason for any recent declines in measured growth. To those who would argue that the official measures of output have understated output more in recent years than in the past, and therefore have overstated productivity declines, Denison as early as 1982 responded that they do not know how the government constructs its time series Even if Denison is correct in his assessment of the underground economy, it is clear that journalists and serious authors like Mattera in his *Off the Books* regard unreported income as a large and growing factor in the United States. Mattera has attempted in his survey to cover the underground economy in several developed market economies like that of the United States, centrally planned economies like Hungary's, and developing economies like India's. The early methodology of these types of studies, at the empirical level, has been quite crude, to say the least. Often the ratio of currency to gross national product (GNP) has been assumed for a normal year, and upward movements from that norm have been taken as an indicator of unreported transactions.

Early estimates for the United States suggested that 10 percent of the United States' GNP was not measured. This methodology has been applied in other countries, producing much larger estimates. Mattera is appropriately skeptical of such estimates and appears correct in saying that the approach of the Italians is more fruitful. The underground economy in Italy has been estimated to be as much as 40 percent of total production, and its magnitude has usually been based on the estimated workers not recorded in the official employment statistics. When Mattera applies this methodology for the United States, he also finds that the U.S. output is underestimated by 10 percent and that this has increased since the 1950s. Mattera appropriately regards the correspondence of this estimate and those based on currency-GNP ratios as spurious. However, reasons for believing there has been an upward trend in the degree of underreporting—namely, increased tax incentives and the desire of businesses to use non-union labor—are independent of the arguments that Denison has used against this conclusion.

One very important complication with respect to the underground economies is that tax and other incentives leading to underreporting often relate to illegal economic activities like drugs that are by definition excluded from GNP and productivity measures. The problem this makes with respect to the currency-based estimates is clear, drug-related regions, like Florida, have very high currency ratios compared to other parts

of the country. While Mattera may not convince readers of his estimates of the underground economy for the United States, it is to his credit that he keeps very clear the need to distinguish underreporting due to taxes on legal income from underreporting due to illegal activity. Though surely not the last word on the subject, Mattera gives a valuable account of many of the issues involved in measuring the underground economy.

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REYNOLDS, LLOYD G. *Economic Growth in the Third World, 1850-1980*. Pp. xii, 469. New Haven, CT: Yale University Press, 1985. $35.00.

Many Third World countries are presently experiencing decreasing real per capita output, in some cases erasing the growth of the last 20 years. Reynolds's effort to compile and assess Third World growth since 1850 takes on added importance as a result, since it provides the raw material for understanding some of the factors in this distressing turn of events and for assessing them in a longer-run perspective.

The core of the book consists of case studies of 40 Third World countries with 1980 populations greater than 10 million. Part 2 treats the 25 countries termed early developers, whose development process began prior to 1950. A geographical categorization would have been equally apt, since all are in Latin America, Africa, and East Asia. The recent developers of part 3 are China, India, Indonesia, four Middle Eastern countries, and seven Asian and African non-starters.

For the case studies Reynolds reviewed volumes of English-language secondary materials, the general perspective of which was economic orthodoxy, though some works from the dependency school were included. His syntheses are quite readable and provide an excellent overview of the central political experiences of the countries as well as their pattern of economic growth. A specialist in any particular country would be bothered by omissions, simplifications, and an occasional questionable fact; however, a reader wishing a global overview of the central elements of the growth experience would be justifiably satisfied.

Each case study proceeds chronologically through the background conditions, the period of extensive growth, in which population and output grow at roughly similar rates, the turning point toward more rapid growth in per capita output, termed intensive growth, and finally the growth experience since 1950. These categories are developed in part 1, which provides the methodology and underlying theory that relate the available data on population, foreign trade, government finance, and agricultural output to an interpretive framework. One important insight is that population change in the extensive period is an indicator of a multitude of changes ongoing in a traditional society.

Part 4 of the book, curiously entitled "Retrospect," contains two disparate chapters. The first uses the better data on growth in per capita gross national product from 1960 to 1980 to examine a number of elements of growth: the determinants of growth rates, their relation with physical indicators of human welfare, patterns of growth, demographic concomitants of growth, agricultural output, exports and growth, and the political element in growth.

The final chapter, "The Functions of Government," is an interesting essay on the mixed economy, which characterizes all of the world's economies, despite the efforts of a Russia or a Cuba to create a state economy or of a country such as Chile to create a market economy. It provides a reasoned view of the strengths and weaknesses of both the market and the state, and the observations are likely to age well as countries attempt to meld the strong points of both in confronting the difficult 1980s.

This is an excellent reference book for those interested in the Third World growth

experience. It presents a wealth of information that will prove useful in the years to come.

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WHALLEY, JOHN. *Trade Liberalization among Major World Trading Areas.* Pp. viii, 311. Cambridge, MA: MIT Press, 1985. $30.00.

Trade policy and the international debt crisis are the two international economic issues that have dominated the headlines in the 1980s. While the focus on the debt crisis has emphasized possible cures for the current problem, the focus with regard to trade issues has instead often been on retaliation for past and present wrongs. The principal trade question for most countries, and particularly the United States, has been how to react against the allegedly unfair trading activities of other countries. The policy issue of trade liberalization has remained visible, but the actual concern of most trade officials seems to have been to reduce such liberalization rather than to strengthen it.

A new book that attempts to clarify some of the technical underpinnings of the policy choices that exist in the international trade area is *Trade Liberalization among Major World Trading Areas* by John Whalley, a professor of the University of Western Ontario and the London School of Economics. Whalley's intention is to offer policy guidance for legislators and members of the executive branch by examination of empirically based general equilibrium models of world trade. Essentially he tries to answer the traditional question of who gains and who loses as a result of trade liberalization policies.

One stated objective of the book is to cure the inadequacies of other trade literature. As Whalley indicates, "The theoretical work on trade policy often seems to proceed at such a high level of abstraction that it does not offer policy-makers guidance on the merits or demerits of alternative actions." Whalley seeks to make quantitative analysis a servant of policy formulation rather than an end in itself, as it often seems to be in other economic studies in the trade area.

The nontechnical reader of this volume will certainly empathize with Whalley's expressed concern for practicality and his complaints about the sterility of normal modeling. The bulk of Whalley's work in this new book, however, indicates that recognizing the inadequacies of prior writings is less difficult than avoiding a repetition of them. While there are nuggets of insight sprinkled throughout this volume, Whalley fails to live up to his previously announced intentions. Take for example the introductory sentence in chapter 4: "In this chapter the benchmark-equilibrium data and the calibration procedures used in selecting parameter values for the functions in the four- and seven-region models are described." The universal craving for a less bulky theoretical framework and a more lucid policy analysis is not consistently satisfied by significant sections of Whalley's work.

Despite these criticisms, there are still substantial portions of the book that are of value. Whalley's analysis of the General Agreement on Tariffs and Trade (GATT) is particularly insightful. Whalley argues that

> as trade liberalization proceeds under the GATT, although the effects of successive negotiating rounds [after the Kennedy and Tokyo rounds] may be judged small when viewed against the outcome of the previous round, this is not the appropriate comparison. Instead the criterion for evaluating initiatives under the GATT is whether they preserve the accommodations achieved in previous rounds.

Thus, Whalley's view of the future of the GATT is a clouded one. Not only will future advances in trade liberalization be difficult because of the competing societal factors in member countries, but preserving current gains will be problematic.

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ANNALS, *AAPSS*, 488, November 1986

Economic Transformation

By THIERRY NOYELLE

ABSTRACT: In this article, the author argues that the 1970s and early 1980s mark the ascent of a new economic era characterized by the rise of services, the widespread diffusion of computerized technology, the emerging role of small firms, and increasing internationalization. Some implications of these changes for the location of economic activities are suggested. Policy directions are then highlighted, including the need to develop human resources, to develop the new technological infrastructure, to develop the new economic infrastructure of service firms, to promote the new world of work, and to help workers at risk.

Thierry Noyelle is senior research scholar with the Conservation of Human Resources Project, Columbia University, where he has worked since 1977. He has been a consultant to numerous governmental organizations, foundations, and private firms in the United States and abroad. His publications include Beyond Industrial Dualism *(1986);* Technology and Employment *(1986);* The Economic Transformation of American Cities *(1984); and* Services/The New Economy *(1981).*

NOTE. This article was prepared with support from the Ford Foundation and the Office of Educational Research and Improvement, U.S. Department of Education

IN retrospect, the 1970s and early 1980s mark a major turning point in American economic, social, and technological history. At stake is the demise of the economic system that formed the backbone of the U.S. economy from the 1920s until the 1960s, centered on mass production and mass markets, and the ascent of a new paradigm of economic development.

In the new paradigm, earlier ways of working, based on factory and blue-collar employment, are being replaced by new ones involving primarily white-collar office employees. Yesterday's highly standardized outputs churned out by high-volume assembly lines are giving place to today's heavily customized goods and services, often produced in batch form and/or in smaller settings. The importance of the large corporation as the principal generator of employment and value added is leveling off, leaving small and medium-sized firms in a new leadership role. Markets that used to be mostly regional or national in scope are becoming increasingly internationalized in nature. Finally, in the new paradigm the earlier importance of commodities such as oil, electricity, steel, or chemicals as strategic inputs is being superseded by that of knowledge-based and information-based services that are rapidly becoming the most critical inputs in economic processes.

STRUCTURAL CHANGES

This article is an attempt to review some of these structural changes and to assess their implications for economic development policy. Underlying structural changes are reviewed in this section under four headings: services, technology, small firms, and internationalization. Policy implications are highlighted in the next section under five headings: developing human resources, developing the technological infrastructure, developing the new economic infrastructure of service firms, promoting the new world of work, and helping displaced workers and the new generation of workers.

The rise of services

The first area of structural change underlying the making of the new economic era is the rise of services. More often than not, the rise of services has been misunderstood, being seen as a second-best development to the unfortunate decline of the manufacturing sector. This assessment is largely wrong.

As my colleagues and I have argued for some time now, the rise of services reflects a dual transformation in what the economy produces and in how it produces.[1] In terms of what the economy produces—that is, in terms of final output—there has been increasing demand for final services by consumers throughout the postwar period—principally in areas of education, health, and public services. This has been the result of the relative drop in price of manufactured goods, the growing wealth of the nation, and, hence, increasing discretionary spending for things that earlier may not have been considered part of the necessities of life.

But more important, in terms of how the economy produces, the advent of services represents a fundamental transformation in the way final outputs—both goods and services—are produced. As such, it is marked by the formidable growth of intermediate service inputs that are purchased by firms at inter-

1. Thomas M. Stanback, Jr., Peter J. Bearse, Thierry J. Noyelle, and Robert A. Karasek, *Services/The New Economy* (Totowa, NJ: Rowman & Allanheld, 1981).

mediate stages of production. These intermediate service inputs, or business services, include transportation, communication, wholesaling, finance, as well as professional services such as accounting, legal counseling, management consulting, or even advertising. In support of this conclusion, updated calculations based on our earlier analysis of the rise of services indicate that the share of gross national product originating from these intermediate services rose dramatically during the postwar period, from less than 29 percent in 1947 to over 40 percent today.[2]

Seen in such a way, the rise of services implies a related transformation of manufacturing resembling that which characterized agriculture earlier on. As new farming equipment and new farming methods were introduced in earlier decades, employment in farms declined to a trickle—less than 3 percent of the labor force today compared to nearly 40 percent at the turn of the century—while output continued to rise steadily. Likewise, whereas employment in manufacturing should continue to decline in relative terms, if not even in absolute terms, the value of manufactured outputs should continue to grow steadily.

The metaphor for the transformation under way is what is happening in, say, automobile manufacturing. Instead of putting large numbers of blue-collar workers on assembly lines or in the shops of part suppliers, we are now replacing them with robots, leading in turn to increasing demand for engineers employed in product design and development, for systems analysts and programmers to develop software to run computer-aided design and computer-aided manufacturing technologies, or for technicians and other skilled workers to program and manage the robots.

The challenge for older industrial areas is that this transformation demands bringing together resources—human, organizational, institutional, and financial—different from the past and that not all are well positioned to reap the benefits of the new era. I return to this issue later in the article.

The new technology

The previous observation about the transformation of manufacturing leads directly to a second major area of structural change underlying the emergence of the new economic era, namely, the widespread introduction of computerized technology. The new technology is opening up opportunities to affect profoundly many dimensions of economic life, including the nature of many products and services, the institutional and regulatory structure of many markets, the organization of firms, the nature of work, and the location of work. Let us focus simply on the latter two dimensions.

The new generation of computer technologies is opening opportunities to create new operating procedures and new approaches to the division of labor in both manufacturing and service firms. The broad tendency is toward the reintegration of tasks once parceled out among several echelons of workers, with implications for both skills and organizational structures. As Temple University economist Eileen Appelbaum points out, "the new technology makes it possible to reject Taylorism."[3] Specifically, there is evidence of considerable upskilling and

2. Ibid.

3. Eileen Appelbaum, "Technological Change in the Insurance Industry: 1960-1990" (Research report, Department of Economics, Temple University, 1984).

of a widespread de-layering of organizations of which the plight of traditional middle managers is the most obvious, although not a unique, manifestation. In sum, responsibilities and skills are being pushed further down the corporate hierarchy.[4]

A second aspect of the introduction of new technology is its impact on the location of economic activities. Broadly, technology is having both a centralizing and a decentralizing impact. This is particularly evident in the production and distribution of services, which are becoming such an important part of economic activity.

Clearly advances in computerization and communications technologies are making it increasingly feasible to design production procedures in the form of software and to store the inputs and outputs of a production procedure in electronic memories, so that the production of services can increasingly be both centralized and separated from where services are purchased and/or consumed, both in time and in space. This can be seen, for example, in the reorganization of the work performed in many types of back offices, ranging from insurance policy production to engineering design or software production, which are increasingly being reorganized in large, heavily computerized production units.

At the same time, however, the computerization of production procedures enhances the capacity of firms to customize their outputs to customers' wishes. In turn, much of this customization must be done close to the market that is in the course of the relationship between the producer and the final consumer. Put another way, computerization helps generate new opportunities to create additional value added in the distribution and customization processes. For that matter, the very process of customization becomes a prerequisite to retaining a competitive edge in the marketplace. All in all, customization pushes toward decentralization.

As I will emphasize later in this article, the trend toward upskilling noted earlier places increasing pressure on firms to locate in labor market areas characterized by large pools of skilled labor. Typically these concentrations tend to be found in the largest metropolitan areas where the educational infrastructure is likely to be the most developed. In the case of production activities, these need not be central places in the economic-geographical sense of the term, but can be suburbs of large metropolitan areas. In the case of distribution activities, there is a high premium on being centrally located because of the need to be close to customers.[5]

Small firms

A third major area of structural change is the emerging role of small firms in the job-generation process. As Christopherson and Storper have suggested, what is happening is a qualitative shift from the earlier era of "vertical integration" to the era of "vertical disintegration."[6]

4. Thierry J. Noyelle, *Beyond Industrial Dualism: Market and Job Segmentation in the New Economy* (Boulder, CO: Westview Press, 1986).

5. Thierry J. Noyelle, *New Technologies and Services: Impacts on Cities and Jobs* (College Park: University of Maryland Publications, 1986), chap. 2.

6. Susan Christopherson and Michael Storper, "After Mass Production: Vertical Disintegration, Flexible Specialization and Agglomeration. The Case of the U.S. Motion Picture Industry" (Working paper, Urban Planning Program, Uni-

In the previous economic era, large firms sought to establish their economic clout through control over both a large scope of production activities and a large scale of the production of specific outputs. Under vertical disintegration, firms tend to specialize in types and classes of production, rather than in the production of large quantities of specific outputs as in mass production. The essence of the firms becomes flexible production. A principal result is that whereas vertical integration emphasized the internalization of many transactions within the firm, vertical disintegration emphasizes a new reliance on market mechanisms. In Christopherson and Storper's terms, the new economic structure emphasizes the continuing "mix and match of specialized production firms to produce continuously changing output."[7]

In terms of the geography of activities, a principal impact of this transformation is to emphasize the importance of agglomeration economies. The more market-interdependent firms are becoming, the closer they need to be to one another. Here, again, the changes under way may favor the largest and most central places in the urban system.

The internationalization of the new economy

As I have already argued, the extensive transformation of work that accompanies the introduction of computerized technology is associated with considerable upskilling. Consequently, relocation of economic activity is increasingly guided not simply by a search for lower operating costs but also by a search for a skilled labor force. In a world in which national economies are increasingly being linked to one another, the implications are profound.

Quite simply, this suggests that the model of the footloose assembly plant in the semiconductor or apparel industry moving from California or New York to Thailand or Hong Kong in search of cheap, unskilled labor—the so-called global assembly line—is no longer the proper model to understand worldwide competition in tomorrow's new economy. Rather, it is the model of the research and development lab relocating to Israel or of the software house contracting work to firms in India that must be scrutinized, for in both cases it implies a search for a well-educated and well-trained labor force. If the logic of the new technology is to automate a considerable amount of low-skilled work, then it is clear that tomorrow's competition among cities and across nations will be for skilled work and that those unable to offer a skilled labor force will be increasingly at risk.

THE CHALLENGE OF ECONOMIC TRANSFORMATION

All of the aforementioned structural changes are contributing to the making of a new order in which rules governing development and competition are being profoundly altered. The challenge of responding to these new rules is major. Cities and regions must act to shape their destiny. Let me review some key issues.

Developing human resources

In the face of widespread technological upskilling, there is a tendency

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versity of California at Los Angeles, 1985); see also Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York: Basic Books, 1985).

7. Christopherson and Storper, "After Mass Production."

sweeping across the entire economy for employers to raise hiring standards so as to hire only those with educational and social qualifications deemed necessary to perform the new tasks effectively. Increasingly, these new standards are interpreted as requiring, at a minimum, a four-year college education for entry into professional or managerial levels and a junior, two-year college degree for clerical and technical levels.[8] While firms are raising their hiring standards, however, it is unclear whether or not our educational system is adapting fast enough to the new demands being placed upon it.

Higher education remains mostly a once-in-a-lifetime proposition, favoring younger people over older ones. Considerable changes must be made to alter the system toward continuing education. Note also that under a Republican administration intent on cutting support to higher education, we run the risk that the higher educational system will increasingly discriminate against the poor, a situation already biased by the fact that, traditionally, access to higher education is itself related to educational experience at the grade school and high school levels, where educational opportunities are highly uneven.

Generally speaking, cities and regions can do much to boost their educational infrastructure. Let us not underestimate the magnitude of the challenge, however. The task is enormous.

Developing the new technological infrastructure

As noted earlier, we are moving toward an economy in which the processing and transfer of computerized information are becoming critical components of both white- and blue-collar work. In addition to the need for a better-trained labor force and for the concomitant development of the training infrastructure, especially at the junior and four-year college level, the development of the technological infrastructure must become a critical focus of public policy.

I am not an expert in telecommunications matters, and it is not always clear to me which is the best level—urban, regional, or national—at which the issue must be addressed. Still, we must move aggressively to develop a telecommunications infrastructure that can transfer simultaneously voice, data, and image messages. This is going to require a major upgrading of our telecommunications system, involving not simply an upgrading of transfer links—coaxial and fiber optic cables, microwave systems, and satellites—but also a rebuilding of the nation's switches and private branch exchanges (PBXs) with new generations of equipment. At current costs, the price tag to upgrade the nation's infrastructure of nearly 27,000 telephone switches with today's most advanced computerized, digitalized technologies may run as high as $400 billion to $500 billion.[9] Note that even today's most advanced technology may be too primitive for what may be asked of it ten years from now. Today's investment in switches, including that of common carriers, carriers, bypass systems, and users' own PBXs, runs at nearly $30 billion annually. In short, it may take us well into the twenty-first century to bring about a limited upgrading of the telecommunications infrastructure.

In addition, under the current deregulated structure, one is entitled to wonder about the risk that the process of rebuilding will become extremely

8. Noyelle, *Beyond Industrial Dualism*.

9. Noyelle, *New Technologies and Services*.

uneven, favoring places that are already the most advanced in their transformation to the new economy over those that are the furthest behind. My sense is that lagging places are likely to be the last ones to get the infrastructure needed for high-level voice, data, and image transmission, if they ever do, further adding to the hurdles they already face. Put another way, it may be that the importance of the telecommunications infrastructure and the size of the necessary investment is too great to be left to a totally unregulated marketplace. Nationwide, what may be truly called for is an effort of the magnitude of the Federal Interstate Highway program to handle the telecommunications investment needed over the next 15 years or so. This effort may involve reestablishing some degree of regulated monopoly over part of the telecommunications infrastructure and some basic transmission services, while preserving a competitive equipment-supplier market.

Part of this effort, in my opinion, may involve the developmentof a subsidized videotext system, the long-term benefits of which are likely to be very high in terms of pervasive productivity gains throughout the economy, but the short-term financial returns of which may be very low due simply to the enormous costs of development. The United States is very late in this development. France is way ahead, followed by Great Britain and Japan. The French experience indicates, however, that firms both large and small are changing drastically some of their ways of doing business because of the widespread availability of services such as computerized reservation systems, cash management and home banking systems, and many others made possible by the Minitel system. For example, there are already tens of thousands of small- and middle-sized firms that do their banking on line with their banks. Consumers can now buy cars, new furniture, and other goods and obtain instant installment loans through dealers who can access the credit-scoring systems of credit institutions directly on line through the videotext system.

Developing the new economic infrastructure

In the era of vertical disintegration, the availability of so much expertise directly in the marketplace favors the development of new firms, since many kinds of resources become available externally rather than needing to be produced in-house often at a higher cost, at a slower pace, and, not unlikely, at lower quality. Policies that contribute to the development of the network of specialized business firms whose output becomes critical input to other firms must be seen as central to tomorrow's economic development policy. More specifically, given that the consumption of business services remains top heavy, policies that can encourage the use of business services by small and middle-market firms must be investigated.

Promoting the new world of work

In addition to training the new work force and developing the new infrastructure, there is a need to promote the development of the new world of work, especially in lagging cities or regions.

As I have argued elsewhere and as I have noted earlier in this article, the new economic era tends to put a premium on certain kinds of locations, often the largest or the most centralized, while bypassing others, including many smaller

centers that did well during the manufacturing era.[10] The challenge, as I have suggested elsewhere, is to ensure that many of those smaller manufacturing centers do not become the Appalachian communities of the service economy. Yet because of the limited human and technical resources of many of those areas, strategies that emphasize the rapid development of high-tech or high-level business service industries are likely to be misdirected. Most of these places need down-to-earth strategies aimed at stabilizing their old economic bases—largely through technological adjustment and upgrading—and at giving them a crack at some of the new jobs and new activities. The emphasis needs to be on rejuvenating a basic economy of producer services and upgrading the local manufacturing base. This rejuvenation and upgrading must be done by focusing on areas such as low-level product development, low-level process engineering, the development of skills associated with the use of the new technology, and low-level producer services. A major effort ought to be launched to underwrite part of the costs of introducing the new technology—both equipment and training—in these lagging cities. This effort could be operated through local four-year and community colleges used as technological extensions, in the same way that rural colleges once were developed as agricultural extensions.

A few years ago in Jamestown, New York, for example, efforts of this sort were put together by the city, the local business community, and local unions with partial funding from the U.S. Department of Commerce's Economic Development Administration to assist local manufacturers in the introduction of robots using the local community colleges as a linchpin.

In New York City, the Fashion Institute of Technology is playing a key role in the technological development of the industry. It is offering resources and facilities where the use of new technology—for example, computer-aided design for textile patterns—can be experimented with and where new and mature workers can be trained and retrained.

In Michigan, the state has invested large sums of money in two ventures involving the School of Engineering at the University of Michigan, Ann Arbor, and the private sector—the Center for Robotics and Integrated Manufacturing and the Institute for Industrial Technology. The purpose of these ventures is to help develop and implement new process technologies among Michigan businesses. Similar examples can be found elsewhere, but more often than not they are the exception rather than the rule.

Helping displaced workers and the new generation

The shift to the new technology and new economy is leaving behind at least two groups of workers: displaced workers and some members of the younger generations. Numerically speaking, the second group is by far the most important.

In terms of displaced workers, the few studies that have tracked those workers, including a study of displaced auto workers in the Los Angeles area, suggest that some degree of retraining can help in dealing with the younger generation of displaced workers. Among older workers, retraining seems largely unsuccessful partly because of a lack of educational preparation—most older

10. Thierry J. Noyelle, "The Rise of Advanced Services: Some Implications for Economic Development of U.S. Cities," *Journal of the American Planning Association*, 49(3) (Summer 1983); idem, *New Technologies and Services*.

workers did not even graduate from high school—and partly for cultural reasons—the world of white-collar work is, culturally speaking, a world apart from that which they have known all their lives. Early retirement may often be the least painful way of dealing with many of them.

In the end, it may be among the youth that lie the most serious long-term problems. Our grade school and high school systems are failing to prepare large numbers of our youth. The danger is that we are creating a class of permanently unemployable or underemployable people. While there are still jobs that demand very little skill, it seems doubtful that there will be enough to go around given the historical tendency toward some general upgrading of hiring requirements. In the current context of transformation, we cannot expect to see a repetition of the late 1960s, when the economy ran full speed and unemployment rates dropped to a minimum. In a manufacturing economy most were employable, if they were willing to expend physical power. This is no longer true. The paradox of the current recovery is that employers are complaining about a labor shortage while 30 percent unemployment rates continue to prevail among youth.

Clearly the cutbacks in federal training and employment programs have left only the most minimal efforts intact. By most accounts, the benefits of the Job Training Partnership Act reach only too few. Efforts by private organizations to fill gaping holes address only the problems of small numbers of disadvantaged persons and have no potential, at present, to contribute significantly to the relief of a whole class of unemployed or underemployed.

A major public sector effort is needed if we are to relieve the existing situation among the unemployed and underemployed poor. Still, because some of the roots of unemployment can be linked in part to underschooling in an economy that continues to place increasing emphasis on literacy, this effort must be associated with remedial literacy and skill training short of which the cycle of unemployment and underemployment will never be broken.

Many of the efforts mentioned earlier are likely to demand considerable resources, but the stakes in terms of closing off or opening employment opportunities are likely to be enormous. Cities and regions will have to do much more to help themselves than they have traditionally done. In addition, they will have to bring within the purview of economic development policy such issues as those relating to education, training, or telecommunications, which are quite different from the more traditional issues of zoning, road construction, or industrial park development.

ANNALS, *AAPSS*, **488**, November 1986

Cities in Transition

By WILBUR R. THOMPSON

ABSTRACT: The local industry mix provides the conventional framework within which a city's economic position and prospects are evaluated and its redevelopment is planned. The industrial approach has been complemented here with an occupational-functional approach that measures the comparative advantage—competitive position—of a given urban area along five broad paths of economic development: entrepreneurship, central management, research and development, precision operations, and routine operations. Looking beyond the products a city makes to the roles it plays and the skills it performs shifts the emphasis from the immediate fortunes of a given industry and the direct flow of current income to the long-run power and potential of local resources, especially human resources. This new perspective is also more sensitive to state and local public policy, and illustrations are provided of the ways in which educational and other strategies have been used implicitly and could be planned more explicitly to guide cities through these most difficult years of industrial transition.

Wilbur R. Thompson is professor emeritus of Wayne State University and currently holds the Albert A. Levin Chair in Urban Studies and Public Service at Cleveland State University. He earned his doctorate in economics at the University of Michigan in 1953 and has published widely in urban economics and regional development, including The Preface to Urban Economics *(1965). He was a frequent participant in the Urban Policy Programs of the Brookings Institution, 1965-75, and has served as visiting professor at six universities.*

TWENTY-FIVE years ago, I argued in class that a city is basically a bundle of industries in space, and I challenged the students, "Tell me its industries and I will tell its fortune." The local growth rate, the level, distribution, and stability of local income, and even the land-use pattern and transportation system were all lengthened shadows of those industries. The policy corollary of the logic even then, but more important in days to come, was that if local growth lags or income flags, then reindustrialize, that is, target newer faster-growing industries that are positioned at earlier, higher levels on the learning curve.

Fifteen years ago, I shared with students my happy discovery of the wonders to behold in the 1970 *Census of Population* tables cross-classifying industries and occupations. Consider a national economy in which apparel and furniture making count only 2 to 4 percent of their workers in "professional, technical and kindred" occupations compared to, say, chemicals, electrical machinery, and ordnance, which report 20 percent in those high-skill classes. How could such huge interindustry variation in such a critical dimension of economic activity fail to form very different communities, depending on their local industry mix? How indeed could this industrial-occupational matrix have escaped careful study—even significant notice—for so long? Easily. Economists talk about industries, sociologists talk about occupations, and neither group talks to the other.

Quite naturally, five years ago, in the course of lending a hand in research to support the reindustrialization of southeast Michigan, I first played the familiar role of the economist by evaluating in painstaking detail the characteristics of some 150 Standard Industrial Classification four-digit manufacturing industries and a host of fine-grain nonmanufacturing industries, all as potential industrial targets for local development policy and promotion. But early on, my thoughts drifted back to that industry-occupation table and turned from what the local economy would like to have most to what the locality could do best—better than other places. This enticing path from targeting ends to evaluating local means led also into the heart of local comparative advantage and, most appropriately in this age, squarely into the study of human resources as the critical factor in local economic development.

THE OCCUPATIONAL-FUNCTIONAL APPROACH

Each local economy would find on careful self-study that its industrial history has left behind an occupational legacy that opens wide some paths to local economic development, and, if not fully forecloses others, at least cautions local development strategists that other paths impose a steep uphill climb.

We have identified five occupational-functional rows that, while not ready to be carved in stone, have stood up well over two years of heavy use. The five encompass fully and group conveniently the scores of occupational classifications of the Bureau of the Census:

- —entrepreneurship, capturing the propensity to start new businesses;
- —central administration, performing the headquarters function;
- —research and development, serving as a center of science and technology;
- —precision operations, focusing on industries that employ more craftsmen and technicians; and

—routine operations, ranging across manufacturing, trade, and services.

These five broad occupational-functional classes are intended to be exhaustive in coverage but not at all mutually exclusive or independent of each other. In fact, much of the excitement of this new perspective has come through discovery of ways in which they are at times alternative, complementary, or sequential paths to local economic development.

As we progress in our work, we will deliberatively break out subclasses within these five broad groupings in ways that will most incisively address different issues. For example, we have already seen the value of disaggregating precision workers into blue-collar trades, such as tool and die makers; white-collar pursuits, such as advertising copywriters; and white-coat skills, such as medical laboratory technicians. Research and development by its very title suggests a natural division, one that the census data support with separate counts of scientists and engineers. Again, to combine entrepreneurial creativity with financial risk taking—innovators and venture capitalists—is to blur two very different roles and personalities.

Our research at the Urban Center of Cleveland State University, supported in part by the U.S. Economic Development Administration, has already led to a series of published papers reporting on the many indexes and data sources, comparing the 72 largest metropolitan areas. We must be content here with referring those readers interested in the conceptual, theoretical, and empirical foundation of our research to that published work.[1]

The central purpose here is to construct a general framework of thought within which both theorists and practitioners can trace the continuing transformations of a local economy, to understand and to guide that change. Visualize a cross-classification table with the many industries listed in the columns, perhaps grouped and regrouped from time to time depending on the purpose at hand—export versus local market orientation; locationally linked versus footloose; or divided into durable goods, nondurables, and services. And in the rows of that table write the names of those five broad occupational-functional paths just described.

We can choose to move in our analysis up and down the industry columns. For example, we could track through time the aging of an industry from its early stages of invention and innovation, through its commercially golden age of high-skill, high-growth precision work, finally into its twilight years, dominated by routine operations with the concomitant loss of jobs to cheaper labor markets and automation. Or, instead of watching industries slide down the learning curve and filter down and out of town, we could think programmatically about how our town could climb the occupational ladder in a given industry to achieve higher rewards and to escape the fierce wage competition at the bottom.

We could shift the perspective to see those occupational-functional rows as strategic instruments—local competitive advantages in entrepreneurial daring, managerial sophistication, research capability, technical skill, or maybe just low wage rates and strong work ethic.

1. Wilbur R. Thompson and Philip R. Thompson, "From Industries to Occupations: Rethinking Local Economic Development," *Economic Development Commentary*, 9(3):12-18 (Fall 1985); idem, "Alternative Paths to the Revival of Industrial Cities," in *Winter Cities*, ed. Gary Gappert (Beverly Hills, CA: Sage, 1986).

Constrained by time and space, this exposition will attempt only to offer a few illustrations of the ways in which a local economy can follow each of these five yellow brick roads through reindustrialization to economic development. But first a couple of overarching remarks about serendipitous insights already gained along the way.

TAXES AND LOCATION: SHARPENING THE CUTTING EDGE

I could cry over the many hours spent wandering along meandering paths of logic in the academic literature on taxes and location, some of which were poorly marked by me. Did we really believe that all business could be aggregated in locational response to taxes? Even disaggregating all business into diverse industries, as I did thirty years ago, falls short, although distinguishing between the mobility of an apparel maker and a stone quarry is useful. Best of all, our new occupational-functional approach cuts right through this perennial issue like a surgeon's knife.

Routine operations in many, perhaps most, industries seek the cheapest place to do business and would, therefore, tend to lean heavily toward low-tax places, even at the minor inconvenience of poorer-quality public services. But the research operations of these same industries would probably be quite willing to pay higher city and state taxes for better schools and universities. Again, headquarters operations would willingly bear the higher public service costs of larger size and higher density to gain, say, better air schedules, more varied technical services, and richer cultural offerings.

I offer, to the next generation of assistant professors seeking publication and to doctoral students looking for a dissertation topic, the hypothesis that the apparent near-zero correlation between local taxes and employment change is really a blurring of a negative correlation between local taxes and routine operations in almost all industries and a positive correlation in their sophisticated work. The question Do taxes hurt or help in local economic development? begs the prior question, What does the community aspire to be?

DIVIDE AND CONQUER—PART OF THE TERRAIN

The critical importance of understanding the spatial pattern of the various functions within an industry has been argued as follows:

> A serious shortcoming of industry targeting, as typically practiced, is that the development strategist too often acts as if it is necessary to target the whole industry, from the headquarters through the laboratories to the assembly line. The local economy may not have the hub location from which to carry on headquarters work or, enjoying that favored, but high cost, location, it may have to accept the decentralization of routine operations in that target industry to smaller, low wage, low rent places, or the local university may attract only the R&D function to its campus setting. The occupational approach . . . reminds the development strategists that an industry can be disassembled and only part of it targeted to take advantage of the special locational needs and preferences of the many different operations.[2]

Reviewing locational factors within a given industry from the company's perspective highlights the complex interrelationships between functions. Recent newspaper stories report that both the Mayo Clinic and the Cleveland Clinic have shown interest in producing precision heart surgery in branch clinics in

2. Thompson and Thompson, "Alternative Paths."

Florida, tying in much routine work, marketed by trading on the headquarters' name and reputation, all the while maintaining the linkage and leverage by remaining preeminent in heart research back home in Rochester and Cleveland, fonts of knowledge to which the Florida surgeons would make periodic pilgrimages.

Perhaps a visual image is helpful here. The local development target should be centered on the cross hairs: in that distinctive square that lies at the intersection of a fast-growth-industry column and an occupational row of local comparative advantage—for example, the medical industry and heart research in Cleveland and the robotics industry and mechanical and industrial engineering in the Detroit-Ann Arbor metropolitan area.

FROM ANALYSIS TO POLICY: WHO IS IN CHARGE HERE?

Consider the frustration that comes with completing an incisive analysis of a metropolitan-area economy, then carefully drawing out the policy implications, and finally realizing that there is no one to hand it to—no metropolitan-area government. It is like pitching with no one catching. We have anticipated the mismatch between the economic and political spaces by reaching out toward the state capital. Our data base will allow us to compare each of the local economies of the state to both its peer group in national competition and to neighboring local economies in the same state, its political competitors.

We have just finished a first draft of the economic-topographic map of Ohio, comparing Cleveland, Cincinnati, and Columbus to the other metropolitan areas of over 1 million population and comparing Akron, Dayton, Toledo, and Youngstown to the 0.5-to-1 million population set.[3] By sketching the contours of the occupational-functional peaks and valleys of the state, we can offer an unofficial tour guide for the official pathfinders in state economic development policymaking and programming. And it is the state that is the major decision maker in both resource allocation and regulation in such matters as higher education, transportation facilities, and public utilities, to mention just three critical locational factors. A central objective of state economic development policy and planning should be to allocate resources efficiently across a statewide political federation of diverse local economies. To repeat the toast raised in a number of recent presentations of our research to Ohio state and local officials, "Here's to a more enlightened political trading in Columbus of laboratories, technical schools, and airports—here's to rolling better logs."

TRANSITION AS LONG WAVES IN LOCAL ENTREPRENEURSHIP

By our indexes, the level of entrepreneurship is today below average across almost all of the Midwest, probably due to the legacy of decades of economic dependence on large corporations. My fellow graduates in the early postwar period saw little need to take on the high risks and long hours of starting up a new business, not when their engineering or business school credentials opened corporate doors to high salaries and secure jobs.

I offer the hypothesis that local economies swing through long cycles of,

3. Philip R. Thompson, "Toward an Economic-Topographic Map of Ohio," *Ohio Economic Trends Review* (in press).

first, sharp bursts of invention and innovation, typically evolving into, second, periods of aggressive management that builds large business organizations—convoluted bureaucracies almost destined to degenerate into the caretaker management that erodes, in turn, the local industrial base and finally induces, again, the necessity that mothers invention. Whole communities mimic the parable of the family that evolved from rags to riches to rags in three generations.

Leaving to others the testing of the hypothesis that there truly is a Toynbee-like challenge and response process that acts to recycle local economies, I find intriguing this policy question: Is public and private intervention called for and what form and timing would best support and accelerate the regeneration of local entrepreneurship? Or are strong and automatic forces at work, such that we would do well to take seriously this half-humorous, half-serious counsel: don't do something, just stand there.

While economists have drawn out reasonably well the impact of entrepreneurship on the economy, the primitive state of their behavioral theory impoverishes their attempts to explore the psychological roots of creativity and risk taking. Simplistic assumptions of profit maximization and risk aversion are surely even less predictive of the identity and behavior of creative risk-takers than they are of corporate managers. Again, our educational strategies designed to encourage the study and mastery of science and engineering are unlikely to carry over into the nurturing of entrepreneurs—compare the disciplined logician with the undisciplined deviationist, the all-*A*s student and the schoolroom troublemaker.

Entrepreneurs have long been and still are more likely to be self-educated. Andrew Carnegie educated himself from a private library and Steve Jobs, founder of Apple Computer Corporation, dropped out of, first, high school, and then college. If the goal of public education is to give everyone the same education, then entrepreneurs will be nurtured outside the public school system, since they, by definition, break with conventional thought.

Biographical sketches of entrepreneurs and executives remind us that the two roles are rarely played well by the same individual. Recently, the *Wall Street Journal* told of the founders of a computer firm who became bored with management within ten years and jumped to a new venture, leaving behind a company in need of a manager to reverse the trend from black to red ink. The unanswered, indeed unasked, question, is whether places can simultaneously and passably accommodate both rapid innovation and steady, sure-handed management of large complex organizations engaged in repetitive, routine work. Or do places have a dominant identity at any given time—a stage of development?

ENTREPRENEURS SERVE BY CREATING PROGRESS, NOT FULL EMPLOYMENT

Yesterday it was high tech; today the magic word is entrepreneurship. Inventors and innovators may still come out of garages, but now they walk on water. I can add my voice to the advocacy of local entrepreneurship and still feel compelled to warn against expecting vigorous entrepreneurship to solve the unemployment problem. Inventors and innovators, by definition, create change and thereby disrupt the established order; they quite literally destroy industries, occupations, and skills with new

products and processes. Force-feeding entrepreneurship throughout the nation with incubators, seed money, and college courses will, in the long run, work many wonders: it will accelerate technological change, stimulate new capital formation, raise productivity, reduce prices, and generally serve well the interests of consumers. But inventors and innovators, by their very nature and function, eliminate about as many jobs as they create.

Certainly, those places that lead in the race to new products and processes will steal a march on the laggards, and every place must protect itself. But if Cleveland produces only an average performance in invention and innovation—in a nation where entrepreneurship is being exhorted and subsidized almost everywhere—the thorn on the rose will be higher levels of labor displacement and structural unemployment. Sunrise industries imply sunset industries.

This is not mean to be a counsel of despair; the economist's equivalent of the Hippocratic oath extols the virtue of consumer sovereignty, and the entrepreneur is the ally of the consumer. But these agents of change destroy old capital and discipline labor. The lesson here is that force-feeding entrepreneurship may be a commendable, or simply self-protective, measure, but this action carries with it a solemn social obligation to invest equally in basic education, vocational training, and continuing education. I do not find entrepreneurship and education bonded in public policy, or even in the discussions of policy.[4]

4. Wilbur R. Thompson, "Economic Aptitude Tests: From Local Prescription to National Expertise" (Installation address, Albert A. Levin Chair in Urban Studies and Public Service, College of Urban Affairs, Cleveland State University, Cleveland, OH, 18 Oct. 1985), p. 9

LOCAL HEADQUARTERS WATCHING AS LOCAL DEVELOPMENT PLANNING

Paradoxically, the occupational-functional approach serves to refocus attention on the industrial approach. Collecting information on executives, administrators, and managers reminds the analyst that central management is the key factor in the performance of a locally headquartered company. While the local industry mix is a first clue to local overall performance and potential, a place can do very well with a strong company even in a weak industry—such as the John Deere Company in the farm equipment industry—and can languish even in a growth industry. Accordingly, local economic development planners should go beyond targeting industries into the finer-grain work of identifying good companies to help make those close calls in the granting of tax breaks, land write-downs, subsidized loans, zoning variances, and regulatory relief.

Corporate mergers and acquisitions are one of the most common routes by which localities cross industry boundaries, exchanging skilled workers and entering strange new industrial cultures and leaving familiar ones. Given the explosive growth of mergers and acquisitions in recent years, communities have become the silent partners—mute captives—of a largely aspatial corporate policy. Local governments are not likely to be able to muscle their way into corporate boardrooms at decision-making time, but they could come to grant or withhold various favors in taxes, services, public works, and regulations with a keener eye to the consideration that a given local corporation is showing for the community's well-being.

But it is difficult for the local policy-makers and planners to act decisively

and at the best time if they are not paying close attention and have not done their homework. A local broker could probably supply more information on a given company's current and prospective growth rate, cyclical stability, and profitability than could be found in the local planning department's files. But the community's interests extend well beyond data that concern investors and include the number of local jobs generated, the occupational mix of local facilities, the wage structure, and even community giving. Again, the community should not have to depend on the company for an early warning system of plant closings or headquarters captures, not with such telltale signs as physical changes in inventories and stock prices available to all who will see. The City Intelligence Agency is simply not doing its job, probably in part because mainstream economists were trained to think industry rather than company—in contrast to business economists. Development planning staffs must change with the times.

THE SERVICE-AGE LEGACY OF SANDBERG'S BIG SHOULDERS

The competitive position of the older industrial areas is weakened by the fact that they exhibit a below-average position with respect to female executives and managers. The northeast Ohio metals and machinery economies report only about 5 to 7 percent of the decision-making positions in female hands compared to a national big-city average of about 8 percent. The headquarters potential of a place is weakened if it does not make use of the full range of human resources. We are now looking closely at the comparative position of cities in drawing on minorities for decision-making and managerial roles, searching for causes and cures.

This shortfall may be explained by local specialization in durable manufactures—heavy industry that is less than hospitable to females—but the legacy remains and this area has a shallower pool of experienced female executives and managers on which to draw. This partially self-imposed development constraint could be especially binding in activities for which females have a comparative advantage, such as in product design and marketing to capture subtle facets of new life-styles and in their special sensitivity in personnel matters. The occupational-functional approach also opens up new insights into the use and abuse of subsidies in local development strategy. I was reminded of a more or less intuitive position I took a decade ago on the strategic use of subsidies in local development planning:

> The selective subsidization of industry could be socially beneficial when used to plug a hole in the local occupational mix or to set in motion a long-run chain reaction of industrial development.
>
> Specifically, the acute shortage of good jobs for highly educated women that tends to characterize manufacturing economies might be efficiently corrected by subsidizing an activity that generates an unusually large number of professional, technical, or managerial jobs that are already open to females. Such an action would have virtue not only for its own sake, but would also recognize that the changes of recruiting and/or holding a highly educated male depends in important measure on whether his highly educated wife can also find appropriate work.[5]

5. Wilbur R. Thompson, "Aging Industries and Cities: Times and Tides in the Northeast," in *Revitalizing the Northeast*, ed. George S. Sternlieb and James W. Hughes (New Brunswick, NJ: Rutgers University Center for Urban Policy Research, 1978), pp. 149-50.

HIGHER EDUCATION POLICY AS IMPLICIT REGIONAL PLANNING

Few places have so many or such strong development options that they can afford to write off the high-tech path, even though many—most?—start the race hobbled by the chance location of the state's major graduate program in science and engineering over 100 miles away—for example, Cleveland, Milwaukee, San Antonio. We seem not to have noticed that, when state legislators decide where to place university laboratories and new programs in science and technology, they make implicit decisions about state population settlement as well.

North Carolina exhibits an extreme form of spatial concentration in its graduate programs in science and technology, awarding 92.5 percent of its doctorates in science and engineering between 1975 and 1980 from universities in the Raleigh-Durham-Chapel Hill metropolitan area. Given that only 9.0 percent of the 1980 population of North Carolina resided in that area, this single local economy had about ten times its pro rata share of this important base for local economic development and by inference the supporting technical facilities and faculty in academic science and technology.

The University of Minnesota accounted for almost all—98.3 percent—of the 1975-80 doctorates in science and engineering in that state but, given the 51.9 percent share of the population that is in Minneapolis-St. Paul, the spatial concentration is only 1.9 times its population pro rata share. The Detroit-Ann Arbor consolidated metropolitan area shows an even lower spatial concentration, with only 1.3 times its share.

Clearly, only the early returns are in from pursuing the alternative strategies of concentrating versus dispersing the location of higher education facilities. We have barely begun to pose the question, much less monitor the performance of these alternatives when also weighing the fates of all those other places in the state left behind in technology.

To return to an earlier argument:

> The State does not have to choose between extremes: giving every locality its share of every program in science and technology and concentrating most of its graduate programs in science and technology on a single campus. True, population-share grants would be an easy way to go politically, and concentration on one campus might be argued on the basis of some presumed synergism between fields. True, there is critical mass in graduate programs below which lurks mediocrity, but at the other extreme, productive cross-fertilization between scientific fields is often exaggerated. How many ideas are exchanged between the chemistry and mechanical engineering faculties, as compared to the ideas shared between academics and their practicing, professional counterparts in any large city? There are dotted lines along which relatively clean separations could be made, between largely unrelated fields of study and research. If it were done, we could strengthen the economic base and development prospects of many separate, specialized high-tech places. Moreover, continuing progress in communication technology would seem to reduce the need to cluster in just one science city.[6]

Those who would rearrange the state's spatial pattern of higher education should not, of course, underestimate the power of vested interests to hang together, often close to the capital, nor the loyalty of alumni—old school ties—in the state legislature. Still, the have-nots do have the votes, and the nature and location of

6 Wilbur R Thompson, "Economic Aptitude Tests," p. 11.

the state system of higher education is one of the few truly powerful instrumental variables. Policymakers do keep telling us academics, "Do not tell us what is wrong; tell us what to do."

THE PATH TO PRECISION WORK LEADS THROUGH THE COMMUNITY COLLEGE

Community colleges face an identity crisis. Are they primarily academic—and athletic—farm clubs for the four-year colleges or specialized technical training centers aimed at promising industrial targets? A two-year associate degree may soon be required for most precision work, whether practiced on the factory floor or in a laboratory. We are not here talking about high tech, only about the intelligent and responsible use of very expensive equipment and the faithful following of precise procedures. Better indexes of the local supplies of various blue-collar, white-collar, and white-coat skills, compared to competing places, are critical both to industrial targeting and to curriculum planning in the community colleges.

The juxtaposition in our charts of the precision operations row and the research and development row served to remind us that national changes in the demand for various technicians and skilled trades are closely tied to changes in the associated fields of science and technology. But in decisions about where to locate a plant, the causation often runs the other way. Scientists and engineers are more willing to move to preserve especially heavy investments in knowledge and skill, and employers are more willing to pay their moving costs and even help sell their homes. The supporting technicians and craftsmen are less mobile and often become thereby the critical factor in business location. At this early stage of reflection and measurement, the comparative advantage of a local economy in precision workers seems likely to offer insights into development strategy that are every bit as promising as those in the three superior occupational-functional clusters of entrepreneurship, central management, and research.

ON ROUTINE SERVICE WORK: POLITICS AND PRODUCTIVITY

At public speaking appearances, the audience, whether public officials or private citizens, is dutifully interested in the subtleties of the various higher-order local development paths. But at question time the focus is on the hardest occupational-functional row to hoe: routine work in the field of the unskilled worker. Given the increasingly devastating competition of cheap foreign labor, countered mainly by the substitution of capital for low-skill labor, one of the few strategic withdrawals left open is into work protected by very high transportation costs, such as construction, demolition, and land clearance. Old, abandoned factories have formed an especially ugly scar on the face of industrial cities.

Demolition and land clearance not only substitute unskilled manual work for the skilled trades but also provide this routine work close to the homes of the chronically unemployed and easily accessible by public transportation. When I look out my office window at the imposing Rhodes Tower of Cleveland State University, the political advantages of construction are all too obvious. Traveling across the east side of Cleveland, however, strongly suggests that there is more social bang for the public buck in land clearance and preparation

for private investment. But when did you last—or ever—see a bronze tablet on a cleared lot?

Another safe haven for unskilled workers in routine operations is in the local-market-oriented trade and services, also protected by high transportation costs. Displaced factory workers, however, are repelled by the low wages paid in this sheltered workshop. Still, we have accepted too quickly an inherent low productivity and inevitably low wage in retailing, recreation, amusement, and sundry personal services. Factory work was not well paid until the Ford Motor Company established its $5-a-day wage in 1914, more than a century into the industrial revolution. Let us hope that the golden age of services is nearer at hand, expressed in wage rates as well as employment growth.

Increasing worker productivity could take the form of greater use of physical capital, such as computers. Alternatively, it could assume the form of investment in human capital, for example, indifferent sales workers who become adroit consumer counselors on complex goods and thereby increase consumer satisfaction. Productivity can be increased not only through more output per unit of input but also through greater consumer satisfaction per unit of output. Buying the right camera for one's special needs is an undervalued form of economic efficiency.

Another stimulus to greater productivity in the services could come in part through self-employment and the profit motive, as displaced factory workers buy a used pick-up truck—from affluent kids trading up—throw a rake and lawn mower in the back, and venture into lawn-care proprietary services—and work harder on their own account.

JOBS FOR LOW-SKILL WORKERS

We know roughly where all the routine jobs have gone—overseas and inside machines—and have some leads to promising replacement work, but who will we empower and hold responsible for guiding the transition? Twenty years ago, in a classic case of an idea before its time, the government was identified as an employer of last resort. I would argue that the nagging legacy of the Works Progress Administration and the Comprehensive Employment and Training Act could be overcome only by moving sure-handedly from the intersection of the public services industry column and the routine operations occupational row to all of the other four occupational rows in my periodic table.

Our prior experience with first-level public managers of last-resort employment planning—the precision operations row—and their policymaking bosses—the central management or headquarters row—has not been salutary. Much greater public investments in public management skills at all levels would be needed to support new ventures in the public employment of unskilled labor or to retrain labor with obsolete skills. And investments in research into the changing nature of global competition, occupational forecasting, and other fundamental processes and techniques are seriously lagging events. Finally, how can we encourage risk taking in the public sector, the sine qua non of change and progress, in the face of a journalism that finds it is easier to expose glaring mistakes in public policy and management than to understand and describe subtle accomplishments or vision and courage at the cutting edge?

AND THE FATE OF CENTRAL CITIES IS A ROUTINE MATTER

The great economic transformation now taking place is only in part a shift from sunset to sunrise industries, and more the heavy net loss of unskilled work—routine operations—in almost all industries in which goods and services move in world trade. Only when we have succeeded in leveraging our attention-getting achievements in entrepreneurship, central management, and research into new and better working conditions inside that bottom row and when we have extended more, longer, and easier occupational ladders out of that dismal and vulnerable cell will our central cities become more than just showcases for tall buildings and festival marketplaces.

We have learned how to rebuild physically the downtown, but we have yet to master the skill of adapting gracefully to basic economic change—change that is accelerating. To the new classes of students I would revise my earlier challenge to this: a city is a bundle of people in space; tell me their personal fortunes and I will foretell the city's fortune.

* * *

QUESTIONS AND ANSWERS

COMMENT (Ernecq): When I was in Detroit 16 years ago, I learned that if the United States caught a cold, Detroit came down with pneumonia. Today in Western Europe heavy-industry regions are very much in the same situation as Detroit. There is a decline in the overall economy of Western Europe, but especially in the industrial regions. Regional authorities from those areas came together some years ago to compete with the so-called peripheral maritime regions, or rural regions, of Europe, which are politically very strong. It was only in 1984 that the assistance of the European Community to help industrial regions in surviving somehow or in finding new ways of dealing with economic growth became a priority. That goal is my challenge. My particular focus is the north of France, but generally it is the industrial regions of Western Europe.

In what I would call the real world of Western Europe, the heavy industrial regions, we see a decline in most of the heavy industries. This decline involves the loss of millions of jobs, not hundreds. For example, in the textile industry we have lost about 2 million jobs over the past 15 years in the northwestern part of Europe. In the Nord-Pas-de-Calais, we have lost 200,000 jobs in the mining area over the past twenty years. There are similar losses in textiles, steel, and any other heavy industry. Along with job loss, there is a new concept that is troubling, and that is that decisions are made outside of our regions. Internationalization of the economy is something we have started to deal with. We just realized that recently, and that is why now we are competing with each other in Europe as fiercely as the states of the United States have been competing with each other for a long time.

The second thing I would like to bring to your attention is that all these heavy-industry regions have a problem of inflexibility in their political structures both at the political level and in the trade unions. There is more conservatism in the political structure in these regions

than in many other places, and that makes change very difficult. For example, in the past in the city of Portmund, more than a third of the council has been elected from among people working in the heavy industry of Portmund. How can we expect that city council to take decisions against a steel company?

A third factor concerning the real world we work in is that there is a great lack of research facilities and university tradition in these regions. Historically, society did not value people who thought about what was happening in the world around them. In addition, the military sector in the industrial regions of Europe is relatively weak and therefore does not support research and development the way it does in the States. The small number of military institutions, research centers, and universities, together with the industrial background, has brought a kind of sterilization of humankind. Youths just out of school would be brought to the factory to work. They did not need specialized or higher education to find employment. Somehow, parents were proud to put their children to work right away in the same firm where they worked. Thus heavy industry generated a lot of inertia. The tradition in this industry includes little risk-taking, change, or entrepreneurship.

I would like to discuss briefly three illusions. The first one concerns services. We have been told for many years that services will provide enough employment to take up the slack from the manufacturing jobs that are disappearing. Obviously, either Europe's heavy-industry regions came too late or we were looking at services that are not going to come to these particular kinds of regions. Services are not providing sufficient jobs to replace jobs lost in heavy industry. This is now very critical because net losses for many metropolitan areas today are counted by the thousands. The loss of jobs comes about very quickly. For example, Birmingham and the West Midlands were thought five years ago to be one of the thriving places in England. Now it is one of the worst places in terms of unemployment. The rate of unemployment has been increasing so fast that the British government has stopped the compilation of any more statistical data on metropolitan areas. The unofficial data show the need for assistance.

The second illusion concerns new, or high, technology. I think that a lot of people felt that it would solve all the problems. There are still conferences on the benefits of high technology. The idea that I think is very interesting is that high tech allows small firms to do things that before only large firms could do. It is true, obviously, that high tech increases the capabilities of small firms. At the same time, if people do not know how to use the high technology or do not want to use it or if there is no social acceptance of it, it does not afford any advantages at all.

Another thing that has been so exciting to talk about is Silicon Valley. Because Europe has always been so different from the United States, European companies shop around in America and come back home set on establishing Silicon Valleys everywhere. One thing that I learned from my extensive traveling around the world is that great care must be taken in transferring what seems to be good experience from one place to another. Sometimes the whole truth about the experience is not known, or only one aspect of it is considered and the institutional context or the cultural background is forgotten.

I guess that Silicon Valley has produced some positive results. From what

I understand, however, there were some illegal Mexicans working in some factories, which made the factories competitive for a while. Then, when the illegal Mexicans could not work anymore, the business was shipped away to Taiwan or someplace else.

In France and Germany, the employment situation is different. People holding jobs similar to those of the Mexicans in Silicon Valley are very highly paid, and there are no illegal workers coming in from other countries.

The last illusion concerns physical planners or regional planners. They have a hard time retraining themselves. They still have a terribly bad physical approach. I am in charge for the Nord-Pas-de-Calais of what we call the fixed link across the English Channel. The tunnel provides a wonderful opportunity to find new industries for the northern part of France and the southeastern part of England. Most of the people wanted to build industrial sites and bring in new wealth. We now have thousands of acres, all of which are empty, so obviously the answer is not to create an industrial site in order to get an industry on it, but people's minds have not adjusted to that.

Let me end by discussing what I would call adapting public policies in Western Europe. The problem is that when 1000 jobs are cut from a big firm, it is very difficult to create enough small firms to reemploy those 1000 people. That requires a different kind of management and administration.

There is a big movement right now of local development initiatives in Europe, and I would think it offers some experience to the United States. But, conversely, we Europeans come to the States to look at some of the developments here. I think there is a lot each side can learn from the other. One thing Europe has learned from the United States has to do with the death of small firms. Most of the firms are very often producing a very good product, but the manager is so bad that a long life for a firm is impossible. We developed some techniques to enhance management. "Boutiques of management" is what we call them in France and they are everywhere in Europe. They are very good because they assist the firm in lasting through the first two years, which are the crucial years.

There is also in Europe a concern with respect to helping the educational system to adapt to change. There is a paradox, however. The system adapts to present needs in the labor market, yet the young people now in school will be going to work in an environment that may well have changed once again.

What I see as the most crucial issue is people aged 45 years and older who are put out of work before retirement age and with no job right now where they could fit in; their retraining would involve a lot of difficulty. We try to retrain people of the steel industry and of mining corporations, but that is impossible or close to impossible to do. All places in Europe are tackling this problem.

I would like to draw on a different way in which we tend to approach problems today. For many years, we were dealing with problems from a fragmented approach. Now it seems that we are working with a much more integrated approach, which pays off much better. For example, all over Europe we are running into big problems with public housing. Most of the governments have tried to find some answers with an integrated approach, which includes both social and economic features. This approach appears to be much more fruitful than others.

Finally, I think that cultural policies will start to be taken more seriously because they have a very direct impact on entrepreneurship and the business climate. If a region is to keep or attract things, it is not necessary to have just grants and loans; the cultural background is something that must also be very attractive.

Q (Yale Rabin, University of Virginia, Charlottesville): I find it a little strange and somewhat disappointing that economists who are not looking at government policy do not address the issue of the ways in which declines are taking place. The combination of economic change and public policy has greatly reinforced the trend toward a geography of income. We are producing cities that have disproportionately more and more concentrations of disadvantage, while in the surrounding areas opportunities at least are marginally, if not significantly, better, depending on the area of the country. Public policies in many instances serve to reinforce these disparities, and it is simply inadequate to address economic policies alone. It would seem to me that we are talking about a very limited marginal opportunity to deal with the scale of unemployment and its levels of concentration in various places.

A: We are running a model that we call a municipal, or intrametropolitan-area, model. If a metropolitan area should choose a headquarters path, as Cleveland might, for example, or if it should choose a research and development path, as Columbus or Raleigh-Durham might, how does this choice fall across intra-urban space? We are trying to take apart intra-urban space to determine how well the central city, for example, would fare versus the suburbs on the west side of the metropolitan area or the suburbs on the east side or the ones on the beltway, or the ones off the beltway. There is an intrametropolitan-area spatial ramification of regionwide development that we are trying to address.

COMMENT (Rabin): Again, we are focusing entirely, however, on economic policy. In Cleveland, for example, there is a metropolitan housing authority, which is a county housing authority. That authority has the nominal authority to construct public housing all over Cuyahoga County. But that housing authority has built public housing only in the city of Cleveland because the local governments—68 of them in Cuyahoga County—have refused to enter into cooperation agreements that would enable some distribution of the low-income population in that region in ways that might provide that population with better access to places where employment and better schools are. We must recognize this relationship between public action and the workings of the marketplace and the fact that public actions have tended to reinforce and reproduce the inequities that the market has created.

COMMENT (Thompson): I know about these practices. I worried about them a great deal twenty years ago in the study of urban economics, and they are still there. I would rather talk about another spatial dimension. I have presented a periodic table with the economists' industries in the columns and the sociologists' roles in the rows, but I did not put in the third dimension. I did not make a periodic cube with political science and policies in it, but we must come to that. When we looked, for example, at higher education, we were struck with the fact that the science and tech-

nology programs all piled up in a single place very often, for example, in Columbus at Ohio State University. We began to worry about the strategy for a state. Remember that there is no single overarching metropolitan-area authority, so after I finished my marvelous metropolitan-area analysis, there was no one to respond to it. I was pitching, but no one was catching.

What should the state of Ohio do in order to balance higher education and science and technology in the state? This question acknowledges that we make implicit policy spatially across the state of Ohio by continuing to pile graduate science and technology programs one upon another, usually at the largest state university, overemphasizing the value of synergism, which is there. I understand large-scale economies, agglomeration theory, synergism, and the like, but I also understand that there are dotted lines along which to tear. Metallurgy does not have to be studied alongside medicine. What a state legislature has to do is to remember carefully that when it makes higher-education policy it is making settlement policy. When there is pressure from below, it sometimes does recognize this, as happened with Akron, for example. Akron made rubber tires. That is not much better than making steel, and there is not anybody engaged in the production of rubber tires in Akron anymore. But Goodyear, Firestone, and Goodrich did their polymer chemistry in Akron, and the University of Akron has now beefed up its polymer chemistry doctoral program. Akron is undergoing a marvelous change from making tires to doing research. That does not mean that a lot of former tire makers are in the labs, and that is a very difficult problem.

Q (Barbara A. Coscarello, Department of Development, City of Camden, New Jersey): It was mentioned that mainly research and development companies and corporate headquarters care less about services and taxes, whereas routine operations either do not care or are not as concerned about those issues. I wondered from a public policy perspective what that says to communities like Camden, New Jersey, which can offer not much more than basic services and have a high tax structure. Should we be attracting routine operations to our city and not concentrating on high tech or corporate headquarters? What effect would that have on mid-range and long-range planning efforts for a city like Camden?

A: I do not want to begin with your question for good reason. I would prefer first to start talking about the metropolitan-area economy of Philadelphia-Camden, because we cannot start with Camden alone. We cannot even quite start with Philadelphia because most of our economic development polices are going to be made at the state level one of these days, since there is no metropolitan-area government.

Camden is in a very difficult situation. There are two state governments that relate to its metropolitan area. Camden's development will be linked to Philadelphia's once Philadelphia decides where it is going—will it concentrate on central management or on research and development, or will it have a little of both? Once the Philadelphia-Camden area has some clear perspective on where it is going, we have to move into my intrametropolitan-area model and ask how that development will fall across space. We have to think very seriously in polit-

ical terms about tax-base sharing. Within the metropolitan area, individual cities must get their act together before go to the state capital.

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Entrepreneurial Renewal in the Industrial City

By ROBERT E. FRIEDMAN

ABSTRACT. No business and no single industrial structure survive forever, but industrial cities need not decline with the industries on which they were built as long as new ventures emerge to take their place. Indeed, one can find examples of entrepreneurial renewal within large, mature firms, in the wake of plant closings, in poor communities bypassed by industrial development, and in government and the nonprofit sector. To appreciate the role entrepreneurial renewal might play in revitalization, it is important to understand that the entrepreneurial process is a long-term, human-centered practice of innovation that transcends industrial, sectoral, race, sex, and class lines. While any population group has its share of potential entrepreneurs, the extent to which they will emerge depends upon the availability of environmental support—cultural, financial, educational. With these supports the already significant impacts of entrepreneurial renewal can be increased.

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WHENEVER one begins to talk about entrepreneurial renewal, the first question that arises is, "But don't 80 percent of all small businesses fail?" *My reply is that 100 percent of all people die.*

The measure of a business, like that of a person, is not whether it lives forever—almost none do—but what it contributes for the time it exists and the renewal it generates before and upon its death. In fact, small business failure rates are not nearly as high as they are normally portrayed,[1] but the real contribution of small businesses to the renewal of industrial cities ought to be evaluated on these other two scales.

1. The best data we have on small business failure rates come from Dun and Bradstreet and suggest that less than 1 percent of all businesses die each year with loss to creditors. Of the 50,000 or 60,000 businesses that failed each of the last several years, 80 percent survived their first two years. The big failure rate years are years three, four, and five, when roughly 15 percent of those that fail, fail, so that of those that fail, 60 percent fail within five years. Thereafter the failure rate drops rapidly, but by the end of 10 years 81 percent of all businesses have failed. A much larger number of businesses close without loss to creditors; they may entail some personal loss or they may simply reflect the desire to do something else, or even to start a higher-value-added business. Our data on such closures are even poorer, but the best estimates are that 7 to 8 percent of all businesses close each year. We suspect that their age distribution is similar to their failure distribution, that is, that most will survive their first two years and that the big failure-rate years will be three, four, and five. See Kibre Dawit and Robert Friedman, "Myths of Small Business Failure," *Entrepreneurial Economy*, 1·1 (July 1982) Again, it is important not to give excessive attention to the failure and closure rates. As David Birch has pointed out, the difference between growing and declining areas of this country is not the job loss rates, which are remarkably constant at about 8 percent a year, but rather the job creation and firm formation rates. David Birch, *The Job Generation Process* (Cambridge, MA· Massachusetts Institute of Technology, Program on Neighborhood and Regional Change, 1979).

EXAMPLES OF ENTREPRENEURIAL RENEWAL

Virtually every industrial city in this nation and in Europe is showing signs of entrepreneurial renewal—the emergence of new ventures within mature, declining firms and sectors, the creation of new firms, both for-profit and nonprofit, and even entrepreneurial forms of public administration. Obviously, the rate at which this is occurring varies enormously, as does its cumulative impact. Unfortunately, we have developed few measurement tools capable of gauging the degree of renewal and, more important, the causes of it. Wilbur Thompson's pioneering work, reported elsewhere in this volume, to develop metropolitan-area entrepreneurial indices is crucial.[2]

But if we cannot evaluate the overall impact, it is still possible to point to areas or instances where the renewal is under way in order to appreciate better its power and nature.

Entrepreneurial renewal in large firms

If Minnesota Mining and Minerals (3M) had stayed with its original product line of ten or twenty years ago, the firm would have died long ago. Instead, 3M now advertises in its 1986 annual report that its business is building businesses. Indeed, the firm is built on guaranteeing to individuals and operating units a great deal of autonomy and room for innovation and failure, and a

2 See Wilbur R. Thompson, "Cities in Transition," this issue of *The Annals* of the American Academy of Political and Social Science.

wide diffusion of the internal technology that it has developed. Tom Peters and Robert Waterman, in their book *In Search of Excellence*, pointed out that those large firms that consistently performed excellently over time did so because of their ongoing ability to adapt to change, which, in turn, was determined in no small part by the degree to which they invested in their people and encouraged internal entrepreneurship.[3] William Abernathy and his colleagues at Harvard found that cultivation of internal entrepreneurship is crucial to the survival of mature firms in fields that are no longer mature.[4] Cummins Engine Company expects that within five years it will be able to produce everything it produces now with half the labor force. So it has established an internal $43 million venture capital fund with which it seeks to create jobs for the employees in whom it has invested so heavily and to explore new lines of business that will enable it to grow.

Entrepreneurial renewal in the wake of plant closings

Firms that do not renew themselves die. In their wake, they can leave great gaps, but these, too, can be filled through new growth.

In the last decade, British Steel Corporation laid off more than 160,000 of its workers. In 1975, it spun off a subsidiary, British Steel Industries (BSI), with the sole mission of creating jobs in the communities of the parent corporation's closing plants. To date, BSI has succeeded in creating 30,000 new jobs in more than 2000 new firms. These firms are expected to add another 20,000 jobs in the near future. Although the number of jobs replaced makes up for only a portion of those lost, and the jobs created will many times not go to the former British Steel Corporation employees, still BSI has set up a visible process for renewal in communities that saw their major employer shut down. In cities like Corby, this process has already succeeded in replacing half of the jobs lost and quintupling the number of businesses in existence. In Landeskrona, Sweden, 65 percent of the jobs lost in the shipbuilding industry decline have been replaced by start-ups of new firms.[5]

Though much of the loss of employment in firms has occurred in manufacturing, in north-central Italy there is more manufacturing employment today than there was 15 years ago, but it takes a very new form. There, half a million firms with average employment of five employees each, managed in many cases by former factory hands, employ the latest computer technology and join together in flexible networks to provide specialized products. Of the total number of firms, 60 percent are in manufacturing, and firms in similar lines of work tend to cluster in the same geographic areas so that they are knowledgeable about what complementary firms exist: Bologna specializes in machine tools; Carpa in knitware; Prato in metal working.[6]

3. Thomas Peters and Robert Waterman, *In Search of Excellence: Lessons from America's Best Run Companies* (New York: Harper & Row, 1982).

4. William J. Abernathy, Kim B. Clark, and Alan M. Kantrow, *Industrial Renaissance: Producing a Competitive Future for America* (New York: Basic Books, 1983).

5. William Schweke and Rodney Stares, *Sowing the Seeds of Economic Renewal* (Washington, DC: Corporation for Enterprise Development, 1986)

6. Richard Hatch, "Reviving Local Manufacturing Italian Style," *City Limits* (Apr. 1986), pp. 16-19.

Entrepreneurial renewal in poor neighborhoods

In every industrial city there are groups of people and sections of the city that never shared the benefits of industry, even in its heyday. Here, too, there are signs of entrepreneurial renewal. In the Kenilworth-Parkside Public Housing complex in Washington, D.C., over the last seven years a revolution has taken place. The community of 3500, which, as late as the mid-1970s, sent at most one or two to college each year, has sent 580 during the last seven. Three years ago, the residents began to manage the public housing complex. In those three years, they have created 120 jobs in the resident management corporation, six businesses, and two joint ventures. Earned income has increased 26 percent; welfare dependency has decreased 50 percent. Youth crime and teenage pregnancy have declined 75 percent. It is important to note, if only in passing, that the progress Kenilworth-Parkside has made derived from a social revolution of rising expectations with respect to the fact that their kids were indeed college material, which then translated into economic renewal.

Entrepreneurial renewal in government

Not only firms, but also government is beginning to act in new ways. In St. Paul, Minnesota, the city government has taken it upon itself to develop the homegrown economy. To do this, it is endeavoring to plug holes in the local economy, which allow wealth to leak excessively, and to become more self-reliant in local production. To date, it has created extensive district heating projects, developed manufacturers and service businesses to supply the needs of larger St. Paul businesses, and encouraged the development of co-ops and other forms of enterprise.

Nonprofits, too, are active in new ways. We often forget that one-fifth of our employment is in nonprofit organizations. Universities like the Massachusetts Institute of Technology and Stanford have been key in spawning the high-tech growth that has vitalized those areas. Now universities throughout the Midwest and Northeast are joining with business and governments to create centers for technology commercialization, like Michigan's Industrial Technology and New York's Rensselaer Polytechnic Science Park.

Entrepreneurial renewal and entrepreneurial process

Say the word "entrepreneur" and the image that comes to most Americans' minds is that of a white, male engineer in his mid-thirties, starting a high-tech venture backed by venture capital. While this undoubtedly is an accurate description of some entrepreneurs, it represents quite a constricted view of both entrepreneurs and the entrepreneurial process.

Entrepreneurship is a human-centered process of innovation. At its center is the entrepreneurial act, which occurs when someone combines resources in new ways to add value. The result may be a new product, a new service, a new process, or the identification of a new market.

An entrepreneurial economy, or, more broadly, an entrepreneurial society is one characterized by an ongoing search for innovation. As Peter Drucker points out in *Innovation in Entrepreneurship*, what distinguishes the entrepreneurial

firm from the more traditional firm, or the new economy from the old, is not that there is innovation per se, but that there is an ongoing and systematic search for innovation.[7] He points out that in this sense, the Silicon Valley firm based around a particular product idea is the worst example of entrepreneurship—the firm will almost certainly die soon for it does not exhibit that ongoing process of renewal that is the heart of entrepreneurship.

This broader view of entrepreneurship and the entrepreneurial process should challenge many conventional images.

Entrepreneurship is not a high-tech phenomenon; indeed, it is not confined to a single technology or industrial sector. Many of the new firms that have arisen over the last decade and a half are not in high-technology fields at all, but in fields like health services, specialty foods, and producer services. They are evident in the traditional industrial sector as well as emerging sectors; the mini steel mill, the specialty apparel manufacturer are important, if counterintuitive, examples.

Entrepreneurship does not respect class, race, or gender lines. The welfare mothers of Kenilworth-Parkside are every bit as much entrepreneurs as the college dropout Steve Jobs was. In fact, entrepreneurship among women is growing at three to five times that of men.[8]

Innovation rarely occurs without a person behind it. Tom Peters notes in *In Search of Excellence* that rarely did any innovation within a major firm catch on unless there was a champion behind it.[9] It is very important to emphasize that innovation and commercialization are not conceptual processes as much as they are reflections of human action.

Entrepreneurship is not only a for-profit phenomenon, but also a nonprofit phenomenon. As one searches for reasons why the American economy has outperformed European economies in terms of job creation over the last decade and a half, the existence of a large and vital nonprofit sector in this country should be attended. The initiative, creativity, and action that are cultivated in nonprofit activities can indeed create a culture out of which for-profit activities grow. But just as important, nonprofit activities can be every bit as much producers of value as for-profit activities. The health industry is in large part nonprofit. While some may question whether we have not overdone certain treatment methodologies, few would question that the increase in health care services and prevention services pioneered in not-for-profit educational institutions, hospitals, and research institutes have added critically to overall welfare.

Entrepreneurship can be a characteristic of government as well as business. Combining resources in new ways to achieve desired ends may be all the more necessary in government than in the private sector to the extent that times have changed.

Entrepreneurship is a long-term process. Indeed, the very fact that we are interested in the process and not in an immediate new product or service requires that one look at the process of entrepreneurship itself and tote the benefits over a long time frame. Engineering Research Associates spawned some 100

7. Peter J. Drucker, *Innovation and Entrepreneurship: Practice and Principles* (New York Harper & Row, 1985), pp. 21-29.

8. *The State of Small Business: A Report of the President* (Washington, DC: Government Printing Office, 1984), pp. 347-71.

9. Ibid. (1982), p. 69.

spin-off businesses over the course of 20 years; if one had tried to tote up the impacts of that one business start early in the process, he or she would surely have miscalculated.

To some extent, of course, entrepreneurship occurs in any economy, but, just as clearly, the rates of and need for entrepreneurship vary. What are the causes for this variation?

THE CONDITIONS FOR ENTREPRENEURSHIP

In 1950, we incorporated 90,000 new businesses; by 1970 that had increased to 250,000 a year; this year and for the last several, we have been incorporating close to 600,000 a year. These figures do not count incorporations in the financial, insurance, and real estate industries, nor do they count the increase in self-employment, which has exceeded population increases, or the growth in partnerships. All of these increases have sharply exceeded population growth. Why the change?

The rate of entrepreneurship is a function of need, opportunity, and environmental conduciveness.

Clearly, over the last decade and a half, new opportunities have been created owing to fundamental resource shifts such as changes in natural resource prices, demographic shifts, new technologies, global integration, and changing values. All of these phenomena effectively created new markets and room for new products and services and processes.

But it is quite misleading to see entrepreneurship only as a response to positive opportunity. It is also and often more prevalently a response to negative causes. Most studies of entrepreneurship have found that the primary triggers for the entrepreneurial act were negative rather than positive—loss of a spouse, loss of a job, being caught in a dead-end job, approaching age 40 or 50 with few opportunities.[10] The dislocations of the last two or three decades, then, should be given great credit for the rise of entrepreneurship. It also follows that many entrepreneurs are not the entrepreneurs of opportunity, but the entrepreneurs of necessity. They are dislocated workers who would have preferred to take a job in the large firm that employed their fathers and grandfathers, but no longer find that an option. Our best statistics suggest that about 8 percent of dislocated workers have responded to their dislocation by becoming self-employed—and often without any kind of support. They are displaced homemakers, disadvantaged people seeking a route to opportunity, women confronting a labor market with quite constricted opportunities both in terms of occupations and wage levels. If we overlook this source of entrepreneurship, we similarly limit its promise.

A conducive environment for entrepreneurship is also crucial. Obviously, all nations worldwide and all cities in this country have been confronting rising levels of opportunity and dislocation. Their differential response has a lot to do with whether they provide key supports—cultural, financial, and educational are chief among them—that enable a person to take an idea to the marketplace.

If there are potential entrepreneurs in all races, classes, genders, regions, and industries, still cultural support for entrepreneurship within these groups differs quite widely. In a community

10 Albert Shapero, "The Social Dimensions of Entrepreneurship," in *Encyclopedia of Entrepreneurship* by Donald L Sexton et al. (Englewood Cliffs, NJ: Prentice-Hall, 1982), p. 82

where each generation is expected to follow its predecessor into the manufacturing plant that dominated the town, few may consider entrepreneurship an option. Indeed, in those communities, hard hit by plant closings, where there have been explicit attempts to spawn jobs by fostering indigenous business potential, one finds that, ironically, it is often the ex-employees who are the least likely to participate in the renewal. Similarly, as long as the image of an entrepreneur is that of only a white male, the extent to which a cultural signal is sent to women and minorities and the disadvantaged to consider the option is diminished. The possibility of failure is an inevitable handmaiden of the opportunity to succeed, and in cultures like many European cultures, where to fail in business is to fail as a human being, the inclination to try will be muted. Again, one explanation of the differential performance of the American and European labor markets in terms of job creation in the last twenty years is that business failure in America is not considered an indelible blot on the reputation of an individual. We should remember that Henry Ford failed twice, and rather miserably, before founding Ford Motor Company and that a major correlation of business success is prior failure.

If culture can help trigger entrepreneurial initiative, skill will have a great deal to do with the ability to carry it out. Here not only the overall investment in human capital is important, but also specific training and teaching in how to start businesses or new ventures. The extent to which our education and training systems have taught people to take jobs, not to make jobs, can be a crucial inhibitor. The extent to which we have focused on managerial training assistance as opposed to entrepreneurial training assistance—the first, oriented toward control technologies of operating going businesses, versus the latter, which has helped people put together a business plan and start a business—similarly may limit the potential.

Finance also can be a critical barrier. The types and amounts and terms of capital needed by people starting a business or expanding a young one are quite different from the ongoing needs of a going business. It is significant that in a survey of its membership, the National Federation of Independent Business found that by and large small businesses felt their credit needs were being met quite well by the banking industry; the small percentage who said their needs were not being met were, however, precisely those businesses that were growing—whose capital needs this year were different from their capital needs last year.

While the venture capital industry has been crucial and has shown staggering returns in terms of jobs, innovation, and returns per dollar, it is important to recognize that this is generally a new, relatively small industry—it invests in only a few thousand of the hundreds of thousands of new businesses created each year—in fairly few industrial sectors and relatively few areas of the country. Perhaps more important, we rely on a totally informal system of personal savings and savings of friends, family, and associates to provide those small amounts of seed money with which an entrepreneur translates a vague idea into an actual business. While this is a financing system that works remarkably well on the whole, and probably dwarfs the venture capital industry in size, it is a financing system that does not work as well in low-income communities, or precisely those communities hard hit by

industrial restructuring and decline and where reserves may be limited.

THE SIGNIFICANCE OF ENTREPRENEURIAL RENEWAL

While talk of entrepreneurship has certainly increased in recent years, there is an understandable tendency to question its significance. At the national level, policy debate continues to focus on macroeconomic policy, not on microeconomic policy. At the community and state levels, especially—ironically—in those communities whose basic industries have been hardest hit, attention is focused on the wound, not on the healing processes. It is focused on the large firms that have dominated the past and indeed seem to offer the only immediate prospect of replacing the large losses in jobs and plants. This brings us to the question, What evidence do we have that entrepreneurial renewal can indeed produce new growth of the magnitude of the old?

Entrepreneurial renewal has had its clearest impact in the six northeastern states of New England, where the unemployment rate has declined from 12 percent in 1974 to 4.5 percent in 1985. New England lost 252,000 manufacturing jobs between 1968 and 1975, but replaced most of them—225,000—in the ensuing five years.[11]

The best data we have on the sources of job creation during the last decade or two point to entrepreneurship as a key source of net job creation. The findings of David Birch, of the Massachusetts Institute of Technology's Program on Neighborhood and Regional Change, and Catherine Armington and Marjorie Odle, of the Brookings Institution, using Dun and Bradstreet data, as well as other researchers using different data bases, have pointed to the disproportionate contribution of small and young businesses to the number of new jobs.[12] The small-business job creation data are the most familiar, but in a sense misleading, for they draw attention to the size of the business, not to the process of entrepreneurship or the point on the business life cycle. Indeed, most small businesses start and stay small; only a few—10 to 15 percent—grow large. In some sense the businesses we are most interested in are those like Wang Laboratories that start small in one decade and end up large in the next. The crucial point on which both the Birch and Brookings data agree is that roughly half of the new jobs created in this country during the last decade and a half were created by independent firms under five years of age.

Perhaps more important in terms of the potential of entrepreneurial renewal for meeting the needs of the industrial city are the findings of a study by Candee Harris on job creation during the last recession.[13] She found that, counter to most expectations:

11 James M Howell and Linda D Frankel, "Economic Revitalization and Job Creation in America's Oldest Industrialized Region" (Unpublished remarks at the American Enterprise Institute, Washington, DC, 2 Dec. 1985), p 1. See also Gary Gappert, ed , *Winter Cities* (Beverly Hills, CA: Sage, 1986)

12 Birch, *Job Generation Process*; Catherine Armington and Marjorie Odle, "Sources of Employment Growth" (Paper delivered at the Second Annual Small Business Research Conference, Waltham, MA, 11-12 Mar. 1982), pp 5-6; Michael B. Tertz, *Small Business and Employment Growth in California* (Berkeley: University of California, Institute of Urban and Regional Development, 1981)

13 Candee S. Harris, "The Magnitude of Job Loss from Plant Closings and the Generation of Replacement Jobs: Some Recent Evidence," *The Annals* of the American Academy of Political and Social Science, 475:15-27 (Sept. 1984).

1. An employee was less likely to lose a job if he or she was employed in a firm employing under 100 employees than one employing over 100.

2. During that period particularly, while larger firms lost net employment, small firms continued to gain; that is, small firms were countercyclical in their job creation performance.

3. The small business contribution to job generation and job stability was greatest precisely in those industrial sectors and those regions that underwent the greatest decline.

Of course, these are but suggestive findings. Neither do we have adequate data on the relative contributions of entrepreneurial renewal in various industrial cities, nor do we have data on the sort of long-term impacts that would be necessary to evaluate what is both theoretically and in reality a long-term phenomenon. But at least the evidence to date, and perhaps more powerfully, the logic should lead us to look for ways that we might expand the potential for entrepreneurial renewal.

ON THE FRONTIER OF RENEWAL

What can industrial cities do to increase the rate of entrepreneurial renewal?

They can expand the vision of the role of entrepreneurship and of who may be entrepreneurial.

As long as entrepreneurship is seen only as a marginal phenomenon or a phenomenon confined to Route 128 in Massachusetts and Silicon Valley in California, it can not be expected to become a focus of activity and policy in the industrial city. It is important to enhance the visibility of entrepreneurship to reveal the growth points within communities. We discovered, for example, in looking at a rural community hit by a series of plant closings, that in fact there was a very vital machine tools industry composed of small firms that were virtually unknown within the area although visitors would come from the entire Southeast to view it. Enhancing the focus on such growth points is crucial.

Just as crucial is expanding the vision of who might be entrepreneurial. In the last seven years, seven European nations—Great Britain, France, Belgium, Ireland, the Netherlands, Sweden, Spain—have all created systems whereby unemployed and disadvantaged people can receive the equivalent of the unemployment compensation or welfare benefits to which they would be otherwise entitled. Sometimes this aid is given in a lump sum if the recipients want to try their hand at creating a business of their own. In Britain and France alone in that time period, more than a quarter of a million unemployed people have started their own firms. Available data indicate that 60 to 70 percent of these firms survive at least 18 months, creating an average of 1.5 to 2 jobs each, or 400,000 jobs in a labor market 40 percent the size of the U.S. labor market. There are many benefits of such schemes. Perhaps the most important effect is to send a signal that a lot of people not regarded in this society as entrepreneurial creators of wealth might in fact be.[14]

Industrial cities can also focus on the provision of seed capital and expansion debt to increase the rate of entrepreneurial renewal. The availability of seed capital is a particular constriction; the

14. *Eight Lessons from Europe* (Washington, DC: Corporation for Enterprise Development, 1985), pp. 15-21

poorer the community and the harder hit by plant closings, the more of a problem it can become. Strengthening the informal network of investors through computer-aided networks like the Venture Capital Network, set up by William Wetzel of the University of New Hampshire, or the creation of independent seed capital funds like those operated by the Women's Economic Development Corporation in Minneapolis-St. Paul as well as their larger and more advanced technology-oriented cousins can be crucial helps.

Just as important is changing the investment practices of existing financial institutions to encourage more aggressive investing. Ever since the Great Depression we have been regulating financial institutions and notably our banks so that they have become collateral lenders and risk avoiders rather than risk managers. The result has been that even where there are potential financial returns that more than compensate for increased risks, loans are not given because a certain risk threshold, often quite low, is passed. It can be noted that many of the most successful business finance programs are programs that provide market-rate financing, not subsidized financing. The problem is not paying market or above-market rates for finance; the problem is an ability to access capital at any cost.

Third, industrial cities can ensure the diffusion of technological innovation and the application of innovation to existing processes.

High technology may be much more important for its application to existing manufacturing and service operations than for the new businesses it creates on its own. Interestingly and optimistically, a study of the diffusion of new technologies in manufacturing processes has found that their diffusion has been greatest in precisely those northeastern and midwestern regions most concentrated in manufacturing.[15] The development of manufacturing extension services in a firm's productivity comparison projects and the like can be helpful.

And fourth, the provision of entrepreneurial training, through education institutions, vocational education institutions, the training programs of the Job Training Partnership Act, and the like can help create the new cadre of entrepreneurs.

CONCLUSION

If we project forward the job creation data noted before, we find that, if trends continue as they are, then half the new jobs created in the year 1990 will be created by businesses that do not exist today and often by people not now in business. Still, public attention and economic policy focuses on existing firms and therefore almost by definition misses the primary source of new jobs in the future. What we need in all industrial cities, if we are to achieve or exceed the job creation rates we have been experiencing and the wealth creation rates that go along with them, is attention by all actors, public and private, on the businesses that do not now exist and on the people who are not now in business. Paying attention to the potential, investing now in a long-term way in people and people's capacity to produce, shows great promise for renewing industrial cities.

15 John Reese, "Linking New Production Methods and Regional Growth Rates," *Economic Development Commentary*, 10(1) (Spring 1986)

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QUESTIONS AND ANSWERS

Q (Gloria Roemer, Clifton, New Jersey): We are faced with a problem in Mt. Laurel, New Jersey. It is going to become the job of the governing body there to build low- and middle-income housing in choice residential locations. If, however, there are no jobs in those areas, those people will be as displaced out there as they are in the inner cities. It is all well and good to say that we have to improve their living conditions and that we have to provide jobs, but if the jobs are not where we are going to put them to live and there is no transportation to where the jobs are or they have to drive an hour or two to get there, what have we gained and what have we done for these people?

COMMENT (Yale Rabin, University of Virginia, Charlottesville): I was the planning witness in the Mt. Laurel case, and jobs were precisely the issue there. The situation that Mrs. Roemer refers to is exactly an example of the kind of blanket application of a very specific principle. The Mt. Laurel case was brought where it was because there was an enormous increase in employment in the township of Mt. Laurel, which derived in part from the very fortuitous investment by the federal government in highways, creating an area that was unusually accessible within the entire Philadelphia and New York metropolitan region. The case was brought in Mt. Laurel in order to try to achieve this access to employment by enabling people to live there. We are not simply looking to achieve some uniform distribution of low-income people based on some moral principle. Rather, among the most significant criteria for distributing this public housing ought to be access to employment.

A: I agree with the basic points that Dr. Rabin and Mrs. Roemer are making: that access to jobs is crucial and that we must be concerned about the spatial distribution in terms of that access, but I want to take another step. If we only regard poor people and unemployed people as job takers, then we have missed an important piece; and if we only regard communities as job takers then we have boxed ourselves in. Similarly, rural communities that plants have left keep looking for ways to entice other plants to locate there, but largely unsuccessfully and at decreasing wage levels. These communities are boxed in. It seems to me one way out is for the communities to see themselves not simply as job takers, but also as job creators, as having entrepreneurs in their midst. They should see that there are developmental possibilities.

Second, there has been a great tendency in the economic development field to focus almost exclusively on physical development and on real estate development, and there are good reasons for that. Such development is relatively easy to manage, and pools of capital can be created from it. But it often misses the socioeconomic dimension. It often creates very few jobs. What is important about the Kenilworth-Parkside experience is that there has been no major physical rehabilitation. The ceilings still leak; there are still no storm windows;

there is still no insulation in the walls. There has been a fundamental change in that community, however, and it has been a soft revolution, a social revolution, a socioeconomic revolution, that is important.

My third point concerns our income maintenance system. It generally has treated its recipients as clients and as beneficiaries. It provides them with social services and income support. That has been crucial, and that has meant that people eat who would not eat otherwise and are housed who would not be housed otherwise. But I think this system is economic methadone. It mitigates the pain, but does not offer an escape for those communities and often can limit the escape. The recipient of Aid to Families with Dependent Children (AFDC) in Minneapolis who is given a typewriter because she could bring in typing to support herself became ineligible for AFDC because she passed the $1000 asset limitation. We tax earned income of AFDC recipients in excess of 100 percent now.

The employment and training system creates a similar trap. It has operated independently of economic development systems. It is at best a placement and training mechanism, but has not always included economic development. Meanwhile, a lot of the economic development programs and policies passed in the name of the folks who are unemployed and poor never reach them because we keep trying to feed the pigeons by feeding the cows.

COMMENT (Randall M. Whaley, University City Science Center, Philadelphia, Pennsylvania): We have touched upon the large gap that I see between those who are elected or appointed to develop and implement policy or nonpolicy or at least do things in a political way and those who know something about the techniques, the methodologies, the tools, the means by which we can revitalize the cities. Somehow or other these two groups are not very close together. We know more about what can be done than is, in fact, being done. We need a conference on this issue. We need collaboration, cooperation, mutual respect, and mutual understanding in order to accomplish the revitalization of the cities.

ANNALS, *AAPSS*, 488, November 1986

Physical Renewal of the Industrial City

By RALPH R. WIDNER

ABSTRACT: The industrial city is an urban form that evolved very quickly from the late eighteenth to the early twentieth century and just as quickly grew obsolete. The challenges cities confront vary substantially, depending upon each city's economic history. Long-standing cities that simply accreted manufacturing as a major new addition to their economies have had an easier time developing and attracting new economic functions and adapting to them physically than have cities that developed almost exclusively as mass production centers. All have substantial inventories of surplus industrial buildings and housing. All have an infrastructure designed to support a nineteenth- and early twentieth-century industrial system. All have had larger populations in the past than will be necessary to staff their economies in the future. Since the 1950s, the physical renewal and adaptation of these cities have passed through several phases, from large-scale clearance and redevelopment projects to adaptive reuse. Major emphasis is now being placed upon efforts to enhance the livability of these centers in order to make them attractive to a more diversified and balanced set of economic activities than they have known in the past.

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IN the course of his visit to the United States in 1842, Charles Dickens traveled to the industrial city of Lowell, Massachusetts, a city then only 21 years old. In contrast with the industrial cities he knew back in Britain, the newness and social health of the place impressed him. "It was a very dirty winter's day," he wrote, "and nothing in the whole town looked old to me, except the mud. . . . The very river that moves the machinery in the mills . . . seems to acquire a new character from the fresh red brick and painted wood among which it takes its course." He was still more taken by the bright and apparently happy young women who lived and worked in these factories. "Many of the circumstances whose strong influence has been at work for years in our manufacturing towns have not arisen here . . . I only the more earnestly adjure all those whose eyes rest on these pages, to pause and reflect upon the difference between this town and those great haunts of misery."[1]

THE FLEETING HISTORY OF THE MILL TOWN

In subsequent decades, Lowell lived up to this utopian billing no more than most of the other industrial cities and towns in the United States. The factory and mill towns of America, defined here as places in which half or more of the work force held jobs in mass production manufacturing, all came to share many of the same human miseries and physical detriments found in similar cities in northern Europe. As has been the case in so many of these places, the industries upon which Lowell was founded have long since moved elsewhere or died. Less than a century and a half after Dickens's visit, Lowell's mills and the production system they housed, now long silent, are preserved in a cultural park to edify this and future generations about that brief era when the industrial city was the most rapidly proliferating urban form in North America and northern Europe.

As exemplified by Lowell, the factory town has proven to be but a transitory phase in the 4000-year evolution of cities and urban life. Hundreds of industrial cities and towns that grew up in the last century now find themselves surrounded and swamped by a new, postindustrial America. About one-fourth of the total housing stock in the United States has been built since 1970. More than half of the industrial parks in the country have been created since that same year. In many U.S. cities, the office space built in the last ten years has equaled that which existed from all prior decades combined. Nearly a third of the nation's hotel rooms are less than ten years old. The industrial cities find themselves either fossilized in the midst of this postindustrial tide, transformed by it, or isolated from it.[2]

The towers of rapidly developing postindustrial Manhattan are surrounded by the decaying old industrial neighborhoods of Brooklyn and the Bronx. The former factory town of Stamford, Connecticut, on New York's metropolitan periphery, has been physically transformed into one of the nation's major concentrations of corporate headquarters, so much so, in fact, that the pressures on the local housing supply have forced prices beyond the reach of middle

1. Charles Dickens, *American Notes: A Journey* (New York: Fromm International, 1985), p. 64.

2. Thomas J. Black and Libby Howland, "Development Patterns," in *Development Review and Outlook, 1984-1985* (Washington, DC: Urban Land Institute, 1985), p. 3.

management and most employees. As they search for homes that they can afford, they are casting their eyes further and further east toward Bridgeport, another industrial city that may soon be metamorphosed by the same process that transfigured Stamford. Similarly, Lowell is now an important center for the manufacture of computers and associated technologies, the beneficiary of spillover from adjacent Boston's new advanced technology economy.

Only some industrial cities are able to capitalize upon being in the path of such change. The research laboratories and modern suburbs of Pittsburgh sit atop the plateaus of western Pennsylvania, but nearby the industrial communities of the nineteenth century molder in the Monongahela River bottoms practically unaffected by the development taking place above them. Smaller industrial cities, such as those along the Mohawk Valley in New York State or some in northeastern Ohio, stand isolated from spillover and are often located so close to one another that few can hope to emerge as service capitals for their surrounding hinterland because of competition from their neighbors. Many industrial cities, large and small, are finding that the populations they attracted in the heyday of industrial employment growth cannot conceivably be supported by any new economy that realistically can be envisioned.

By the 1950s, most industrial cities recognized that, in competing for new economic opportunities, they were prisoners of their urban form and that physical redevelopment was essential. In the industrial city, housing had grown up around the factories so that workers could walk to work. The city's development had been linear and compact so that it could be serviced efficiently by the railroads. Because space was at a premium, factories had been multistory and housing had been crowded together. First the commuter railroad, then the auto and truck changed this calculus. Electronic communications and air transport altered it still more profoundly. Business transactions came not to depend upon physical proximity to nearly the same extent as in the heyday of the factory and mill town. The multistory mill has been replaced by the one-story plant, more often than not located on a convenient highway in a suburb or the countryside or even overseas rather than in a city neighborhood.

Together with this new footlooseness in business has come increased freedom for the majority of workers to choose where they wish to live. In the industrial city, Dickens's visit to Lowell to the contrary, quality of life took a back seat to production. Today, in a more affluent phase of the industrial revolution, the quality of life has assumed a far more significant role in influencing where people will choose to live and where enterprises will choose to locate than was the case when most of the industrial cities grew up.

Physically, the industrial city is severely handicapped in competing for a place in this new economy. Its institutions, infrastructure, and living environment are almost totally dominated by the factories upon which its life once depended. Many of these communities offer little to the world outside in the way of attractions. Even long-standing, large urban centers that became industrial cities find their physical environment overwhelmed by the new factories and the low-cost housing their workers require.

TRANSFORMING THE INDUSTRIAL CITY

Over the centuries, cities have taken on a multitude of functions. They have served as fortresses; as religious, political, administrative, and financial capitals; as repositories of culture; as crossroads of trade and commerce; and, of course, as workshops. Many industrial cities grew up so rapidly as centers of production that they had scant time to develop the other dimensions of urban life that would enable them to continue to be attractive to replacement economic activities when changing markets and technologies eroded their existing base.

Of course, this is far from true in the case of large urban centers that simply added a large manufacturing sector to an already existing and well-developed economic base. Boston and Philadelphia were able to fall back on existing strengths in finance, business services, the technical sciences, and education and use them as templates for developing a postindustrial replacement economy. If one observes the central vitality of London, it is easy to forget how quickly manufacturing employment came and went in the growth of that great city. Prior to World War I, nearly all industrial growth in Great Britain was in the Midlands or the North. Manufacturing employment in the London region was not particularly significant. Then, between the two world wars, five-sixths of all manufacturing growth in the United Kingdom was concentrated in and around the capital. Ironically, this turnabout made London particularly vulnerable to disastrous manufacturing job losses after World War II.[3] Despite its role as a key center of world finance and trade, much like New York City it has suffered the same agonies of profound manufacturing decline. Yet it takes no special ingenuity to identify the potential directions for the future economy of London. In London, as in other large cities, it is possible to identify sectors upon which it can capitalize in developing a replacement economy.[4]

Similarly, it is not difficult to identify the economic possibilities for former industrial towns such as Stamford or Lowell in the path of postindustrial development spilling over from a nearby center. It is a far greater challenge to identify the alternative economic possibilities for freestanding centers outside of these patterns. Even for centers as large as Detroit, the task is not an easy one.

URBAN RENEWAL SUCCESSES AND FAILURES

Physical renewal alone is not sufficient to enable industrial cities to transform themselves. Yet it is an essential component in any strategy for constructive metamorphosis. From an environment dominated by the factory they must create the more balanced diverse, humane and urbane environment required to survive as successful postindustrial cities. They begin with an enormous inventory of obsolete commercial and industrial structures and housing. Since World War II, they have struggled with the question of what to do with that inventory. The first answer was large-scale clearance. In the United States, the mechanism was urban renewal.

3. Michael Ward, "Restructuring London's Development Policy," in *Place* (Washington, DC: Partners for Livable Places, 1985), pp. 8-9.

4. Ward, "Restructuring London's Development Policy."

The primary objective for urban renewal as set forth in the 1949 Housing Act was to reduce the amount of blighted housing in the cities; that is, the main goal was slum clearance. But step-by-step, economic development emerged as an increasingly dominant purpose. In practice, urban renewal inched its way toward the redevelopment of blighted and obsolescent areas for new economic uses. This included "redevelopment of central business districts, expansion of usable land, helping firms or institutions within the city expand, and attracting middle- and upper-income households into city neighborhoods through redevelopment."[5]

Urban renewal enabled cities to accomplish these aims by assembling real estate occupied by obsolescent or blighted buildings into suitable redevelopment tracts, clearing and improving the sites, and then making them available to private developers for redevelopment at a write-down, or at a cost equivalent to that which would have to be paid for nearby vacant parcels.

Between its inception and 1970, urban renewal did, indeed, remove from the housing stock of older cities a substantial number of units deemed to be substandard. Because, however, the program was initially conceived without regard for the consequences slum clearance would have on the people residing in the affected areas, it actually helped spread blight to other areas of the city as slum residents were displaced. The amount of new housing for low- and moderate-income individuals that the program could generate, under the most optimistic assumptions, was less than 0.5 percent of the central city supply of such housing units per year.[6]

As an economic development program for older industrial cities, however, urban renewal proved reasonably successful, particularly viewed in the long term. In the more adept cities, urban renewal was used to lead the market by clearing sites for new uses. By the end of the program, private investors were estimated to have placed more than $12.5 billion into the construction of 10,467 nonresidential buildings, including 1359 office buildings and 4588 retail and commercial establishments. The vitality of downtown Boston, Philadelphia, Pittsburgh, and Baltimore today stands as evidence that urban renewal was far from a failure as an economic development effort. It is difficult to envision those central cities in the same economic condition today had such large-scale redevelopment not taken place.

In Europe as well as the United States, leading the market meant long waits between clearance and final development. A democratic society is not a patient society. Many sites stood vacant for decades, becoming political issues as residents wondered whether the cost of displacing so many residents and small businesses was worthwhile without a discernible payoff. It took from 1949 to 1974 to complete the redevelopment of the Golden Triangle in Pittsburgh as originally planned. Philadelphia is only now just completing realization of plans drawn up more than thirty years ago.

In addition, large-scale urban renewal too often was blind to the social damage it caused. The social fabric that knit together neighborhoods, such as Bos-

5 U.S., Congress, House, Committee on Banking, Finance and Urban Affairs, *Urban Economic Development: Past Lessons and Future Requirements*, 96th Cong., 1st sess., 1979.

6 Real Estate Research Corporation, "Future National Policies Concerning Urban Redevelopment," in *Urban Economic Development*.

ton's West End, was often ripped carelessly apart to create new housing for the better-off and well-to-do. Support for large-scale urban clearance and demolition had died in both the United States and Europe by 1970. For a time, the search for an alternative focused on community-based neighborhood renewal programs. These had the virtue of restoring some control and resources to those who had been more or less ignored in the earlier process. It also helped produce a generation of community leaders who would become very important later on. By the mid-1970s, however, it had become clear that the economic revitalization of industrial cities was not going to be achieved by solely pursuing cottage-industry approaches to economic development. Rather, these cities would have to find ways of steering the market or catching the market in the new postindustrial economy growing up around them.

FINDING A STRATEGY FOR ECONOMIC RENEWAL

Whether it be a large, long-standing center with strong nonmanufacturing components in its economic base to fall back upon, or a smaller city in the path of postindustrial development, or a city more isolated from these patterns with few existing assets upon which to draw, each industrial city has faced the challenge of finding new economic niches that it can fill to replace the manufacturing base that it has lost.

In the postwar years, the assumption that modernizing the physical setting of the city would be sufficient to resolve both social and economic problems was proven to be naive. Slum clearance simply displaced the poor and their housing to other parts of the city. Urban renewal was based on the premise that economic development was simply a matter of attracting economic activity to the city from someplace else, more often than not a branch operation of a large corporation. While it helped strengthen the cities in their competition with suburbs for employment and retail centers and in retaining specific industrial and other employers within their boundaries and in making the cities more attractive to diverse economic activities, urban renewal could not possibly counteract many of the forces leading to increased dispersal of population and employment out of the cities.

The industrial city grew up in an era when the central city was still the principal hub of any metropolitan area. Under the impact of the auto together with rising affluence, today's metropolitan area consists of several nodes, only one of which is the old central city. Other industrial towns may also be embedded in the metropolitan fabric while nearby new and competing suburban nodes and corridors of activity have developed. It is simply no longer efficient or convenient to concentrate most services and employment at the center. In transmuting itself, the industrial city must compete with these suburbs as well as newer cities elsewhere as a place in which to live and work.

Nostalgia provides no strategic key with which industrial cities and towns can unlock their future under these circumstances. There is no way to recapture lost functions in a world so altered spatially and economically. There is no way for an industrial city to recapture the population levels it knew at the peak of its industrial history. The industrial city is compelled, of necessity, to redefine its future in the context of the new postindustrial world that has emerged

rather than engaging in futile efforts to restore a past that is lost.

Carefully analyzed, there are economic opportunities to create replacement economies that await exploitation by the industrial cities. Cities can attempt to steer existing trends already present in their local economies so that they make greater contributions to economic revitalization. They can also behave more like entrepreneurs and attempt to catch an economic opportunity totally outside the local economy.

Economies, like nature, abhor vacuums. The knowing entrepreneur watches for the opportunities that the existence of these vacuums presents in the form of bargains. During the postwar years, for example, costs of land in suburban areas adjoining the cities were so low in comparison with prices within the cities that developers were drawn inevitably to concentrate on still-unsatiated suburban market opportunities. Retail development opportunities inevitably followed. Soon employment centers followed the population, with dire results for the old cities.

Growth of a postindustrial economy has generated an enormous increase in downtown as well as suburban office space to house the growing white-collar work force, thereby ironically benefiting the old cities as well as the metropolitan periphery. In some cities, the amount of office space constructed in the past ten years effectively doubled their total inventory.

Today, the market for large-scale suburban retail malls is largely satisfied while a substantial underdeveloped retail market exists near the core of many large U.S. cities, presenting an opportunity for some retail development in markets that, because more promising and easily developed markets existed elsewhere, have been by-passed for the past two and a half decades.[7] Similarly, specific opportunities for developing residential and employment sites in some cities have emerged as bargain prices for land and buildings result from decreasing demand in the city compared to high demand in developed suburban areas.

The demographics of the postwar baby-boom generation have helped these trends somewhat. The increased proportion of single, childless, and mingles households—these last comprising several single adults living together—with middle or higher incomes, combined with housing investment opportunities and convenience to work, have produced some residential rehabilitation in three-fourths of all U.S. cities of over 500,000 population.

In Indianapolis, Cleveland, Pittsburgh, Philadelphia, San Francisco, and a dozen other cities across the United States, efforts have been made to define strategically how the city can revitalize itself economically.[8] Most of these efforts have focused on several basic questions:

1 What economic activities can be nurtured and developed to replace lost manufacturing employment?

2. How can the physical legacy of buildings and infrastructure left from the industrial era be used in developing the new city?

3. How can the physical consequences of population decline and abandon-

7 S. Gregory Lipton, "Incomes Near the Core of 12 U.S. Cities," in *Development Review and Outlook, 1984-1985*, p 489.

8 Aaron S. Gurwitz et al., *The Cleveland Metropolitan Economy* (Santa Monica, CA: Rand, 1982), Allegheny Conference on Community Development, *A Strategy for Growth. An Economic Development Program for the Pittsburgh Region* (Pittsburgh, PA: Allegheny Conference on Community Development, 1984).

ment be turned from a problem into an opportunity?

4. How can the old city be made competitive with suburban centers and newer cities as a location within which to live and work?

Sectors of opportunity

Cities have taken varying approaches to identify specific opportunities for economic revitalization.

Under the leadership of a small number of philanthropic and business leaders and its mayor, Indianapolis has single-mindedly attempted to catch a number of new roles identified as empty niches. One of these is as an international capital for amateur sports. The city aggressively pursues sports associations, convincing them to locate in subsidized space in a newly redeveloped downtown office district. At the same time the city has constructed world-class sports facilities around the metropolitan area.

Cleveland and Philadelphia commissioned professional analyses of their regional economies and, on the basis of these findings, have targeted their energies on efforts to steer increased growth in sectors in which they possess special competitive advantages. Pittsburgh has attempted the same through the use of volunteer expert committees.

Not until the late 1970s was it recognized by urban professionals and city governments alike that less than 1 or 2 percent of job growth or loss in a given year was attributable to the in-migration or out-migration of firms. The source of most job expansion was growth in the existing economic base or growth of new and small firms. A self-renewing city was one capable of continually generating new income and employment from the birth and growth of new firms to replace those disappearing or lescing as markets and technol changed.

By concentrating their efforts s upon attracting branch operation large firms during the two and a decades after World War II, cities cut themselves off from the very sou of self-renewal that would help k them alive and vital. Branches and s sidiaries of large corporations de many of the support services and go they require from the internal resour of the company. They need not locat cities to be near such services and s pliers. Because they are supported by umbilical cord of internally provic goods and services, they are able disperse into smaller communities a nonmetropolitan areas where the cc of congestion, accessibility, land, a labor are lower. They carry their o supporting infrastructure with the The small enterprise, however, m purchase such goods and services fr outside, and cities, by definition, concentrations of such services a suppliers. As nurseries for new fir large cities—their metropolitan ar included—have a special competit advantage.

Unfortunately, most industrial ci developed so that not only their physi environment, but their institutional a civic attitudes as well, were orien almost totally toward the industries t traditionally supported them in the pa They did not understand the nature the needs of the new enterprises be born that were to become the employ of the future. This delayed the revit ization of many industrial cities. F example, nearly 25 years elapsed betw the time the chief economist of the F eral Reserve Bank of Philadelphia cal attention to the role of friendly r

venture capital in encouraging the advanced-technology firms transforming Boston's economic base and the time when Pittsburgh and Philadelphia acted upon such information by attempting to create a climate similarly hospitable to new enterprise in their own local areas.

Major universities and research institutions have become an important part of the transformation in many of these cities. More and more of the older cities have teamed up with local centers of excellence to promote the transfer of ideas into employment-generating commercial and industrial activities. Science or research parks have been established to provide a place in which academic and industrial researchers can work together in developing new products that may have a commercial market.

A conversion strategy

Research parks in the city provide only one alternative for incubating new enterprise in the city. To the extent that older structures can be converted into incubators for new enterprise, it is possible to use some of the inventory of obsolescent industrial facilities to grow new firms. Throughout North America and Europe ingenious adaptations of obsolescent facilities for new uses are under way.[9]

Old industrial buildings are being converted to totally new uses entirely unrelated to their original purpose. In Nottingham, England, the ruins of an old factory have been transformed into an intriguing park in which adults socialize while children climb and play. Throughout Europe and North America, old warehouses, mills, and worker housing are being converted into offices, vertical industrial parks, retail arcades, community centers, theaters, housing for the elderly, condominiums, and loft apartments. Old railroad and canal rights-of-way are being converted into parks, bikeways, and recreational amenities.

A thinning strategy

Obviously, there are many more obsolescent facilities left over from the industrial era than can be converted to such new uses. Many cities face the task of removing this surplus inventory so that the sites may be put to new uses. With the end of federal urban renewal assistance in the United States, the ability to finance large-scale land assembly was seriously eroded. Industrial cities have been forced to fall back upon their own devices. As the population declines in older industrial cities and as older commercial and industrial facilities shut down, the abandoned housing and facilities and the land they sit on slowly drift into public ownership through tax delinquencies.

One survey of industrial cities in the Midwest found a pervasive concern over the growing amount of either abandoned property or property not being used currently for commercial, industrial, or residential purposes.[10] Present prices remain high for such sites. Usually the sites are in scattered plots with insufficient acreage in any one place for significant commercial, or industrial development. As several European cities have been demonstrating, however, there is an opportunity in this problem. The Europeans are clearing and holding these sites for

9. Ralph R. Widner et al., *Making Cities Livable* (Columbus, OH: Academy for Contemporary Problems, 1979).

10 Academy for Contemporary Problems, *Revitalizing the Great Lakes Economy* (Columbus, OH Academy for Contemporary Problems, 1978).

temporary uses, such as interim parks, until the market for a new use develops.

As population thins and density declines, cities such as West Berlin remove the least desirable housing stock from their inventory and relocate low- and moderate-income residents into slightly better housing than they formerly occupied. In addressing both the problem of unsafe and unsanitary housing and the problem of providing low-income housing, they have been able to turn the solution to one problem into a solution to another. In many of the older American industrial cities, sufficient surplus housing stock exists to permit such an approach to the housing problem, a much more desirable alternative than most of the current U.S. programs provide.

An amenities strategy

If an industrial city is to succeed in its renewal, it must become a place that residents and visitors find as hospitable as other locations with which it is in competition. A city that is physically, economically, and socially so inhospitable that it cannot retain many of its residents and firms, let alone attract outside visitors, is already dying.

Increasingly under postindustrial conditions, the success of firms is directly related to the satisfaction of those in the work force with living and working conditions in the community. This grows more and more true as the level of affluence, education, and mobility of the population increases and as householders possess more freedom in choosing where they will live and work.

Today's efforts in physical renewal are attempting to introduce urbanity into communities that were built so quickly and so rapidly that they functioned as work places to the near exclusion of other urban functions. Diversity, creativity, color, and festivity are being introduced into the monochrome environment of the industrial city. In the process, many of these cities are discovering a new sense of community identity and pride that itself contributes to the physical renewal of the place. More residents themselves are pitching in to restore, maintain, and improve their homes, neighborhoods, and public places.

Mixed-use development is replacing single-purpose zoning. Postwar urban development has too rigidly divided cities into homogeneous compartments, stifling the very interaction and excitement that makes urban life special and a magnet to visitors. Some uses are incompatible next to each other, but many are not. The special excitement of urban life evaporates if commercial, cultural, entertainment, and residential areas are too widely separated from each other. People gather in cities in search of diversity, not the homogeneity of small settlements or the countryside.

Festival centers, such as Boston's Quincy Market or Baltimore's Inner Harbor, have helped make the core of these older cities attractive to visitors as well as residents. One estimate reports that nearly 68 percent of those visiting Baltimore's Inner Harbor are from elsewhere.

SOME SUCCESSES AND SOME CONUNDRUMS

As a result of these and other physical development initiatives, the core areas of many older industrial cities have rebounded significantly. In the Northeast, economies of many of the larger older industrial cities appear to

have passed through the worst of their manufacturing losses during the 1970s. With the trough behind them, most are showing surprising resilience during the 1980s, particularly in comparison with some of the newer cities of the South and West, where energy-related booms in the 1970s have changed to energy-related recessions in the 1980s. Yet downtown vitality remains surrounded by old industrial neighborhoods still mired in decline and abandonment. Progress in these old working neighborhoods has been only piecemeal.

Similarly, the same progress in physical revitalization cannot be found in some of the industrial cities of the Midwest. While some progress is in evidence in centers such as Cleveland or Toledo, conditions in Detroit remain unyielding. The cities of the industrial Midwest grew up later and faster and with a less well-developed set of nonmanufacturing sectors in their economies than the older industrial cities in the East.

Pittsburgh has had to cope with the pains of transition longer than any other major industrial metropolis in the United States. Despite truly remarkable efforts at physical renewal over a period of four decades, the city is still confronted with erosion in its steel industry without sufficient countervailing growth in its other sectors. It is possible to suggest that transformation has been easier in the East because its manufacturing base was less concentrated in the so-called heavy industries, which have their own internal supporting system of services and therefore spin out less satellite growth in the surrounding urban economy. As a consequence, the Eastern cities have had a better-developed set of business services to turn to in developing a new economy.

Finally, the most difficult challenge of all is posed by the smaller industrial cities outside the patterns of postindustrial change with little or no residual in their local economies left once their primary employers are gone. Perhaps, as in the past, we must resign ourselves to the loss of some communities, the economic rationale for which has disappeared, but such a glib conclusion is difficult to adopt when whole regions are affected.

In considering the future of the Monongahela Valley in western Pennsylvania, for example, it does seem apparent that the future of the communities along that river might be easier to envision and develop if we were allowed to redefine the geography so that the financial capacity was made available to implement a solution. Areas of economic vitality exist on the plateaus above the river communities. If the river-bottom jurisdictions were simply folded into the jurisdictions above them, perhaps even into the county, then a viable political jurisdiction with a tax base and the capacity to act would be available to help devise a new future for residents in the valley bottom and to ensure education and employment opportunities for the children.

It will take just such radical departures in policy to address the problems of other industrial regions located elsewhere in the Northeast and industrial Midwest. This makes the decade ahead as challenging to our ingenuity as those in the past as we try to reshape our communities to meet the demands of a new economic era and still more market and technological changes to come.

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Financing Urban Development: The Joint Efforts of Governments and the Private Sector

By G. EDWARD DESEVE

ABSTRACT. As urban areas look forward to future development, the primary question that confronts leaders is how to finance immediate plans. The economy of urban areas has been shifting to service and technology industries. As a result, governmental leaders are being asked to consider and finance increasingly complex development projects that, although public in nature, have a highly private character. The public sector is beginning to use the concepts of risk and reward analysis and is prepared to make equity investments to stimulate the kind of investment it wants. Conversely, the private sector is beginning to learn how to deal effectively with state and local governments. Private developers are recognizing the critical role that public services play in the success of a project and increasingly are willing to pay the cost of such services directly. The cost and benefits to the community are becoming part of the calculus of development. The future of urban development finance rests on the willingness of developers and governments to recognize their joint dependencies. The benefits of well-conceived and well-executed development are great enough to be shared by both parties.

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THE dynamics of urban development have been explored extensively from physical, sociological, demographic, and historical perspectives. In retrospect, each of these phenomena can be dissected, charted, and explained by fact or theory. As urban areas look forward to future development, however, the primary question that confronts their leaders is not how to channel historical forces but how to finance immediate plans.

This article is written from the perspective of modern urban America. The bias is clearly that of someone involved in a capitalistic economy. However, the reports that come from Europe, South America, China, and other developing areas indicate that similar questions regarding the interrelationship of the role of government and the role of the private sector, particularly at the local level, are being debated and discussed.

As the economy of urban areas continues its evolution from a manufacturing base to ever more sophisticated services, research and technology industries, and institutional and cultural uses, the types of plans that local governmental leaders are asked to consider and finance include high-tech industrial parks developed in conjunction with universities, convention centers, retail and office complexes, waterfront developments, medical centers, and a myriad of others. Financing is required for the kinds of facilities that have been typically viewed as public responsibilities as well as investments in the success of various development projects that have a highly private character.

The issue of financing public infrastructure has been exhaustively examined over the last several years. While the focus of this article is on the joint development efforts of governments and the private sector, a brief recap of the Advisory Commission of Intergovernmental Relations' findings in its report "Financing Public Physical Infrastructure" is appropriate as an illustration of the direction of the discussion:

1. The Commission finds that although some of the nation's public physical infrastructure is suffering serious problems, most infrastructure problems are manageable with existing financing mechanisms. Coordinated federal, state and local action, however, is required in many instances to make existing programs more efficient in physical infrastructure renewal.

2. The Commission finds that, spurred by governmental and citizen awareness of the problems, policymakers at all levels of government are taking corrective action to address many physical infrastructure concerns.

3. The Commission finds that Congress can improve existing federal programs by balancing both capital and maintenance needs against each other, by allowing flexibility in required construction standards, and by emphasizing research and development to stretch the infrastructure dollar further.

4. The Commission finds that, given the pressure to reduce massive federal deficits, it is unlikely that the federal government will soon be able to provide states and localities with additional large-scale aid programs for capital facilities. At least for the next few years, most additional funds will have to come from state-local tax sources, user charges and bond financing.[1]

As noted by the commission, state and local governments will have the primary responsibility for undertaking infrastructure projects. In fulfilling this responsibility, governments will analyze privatization as a potential mechanism for more efficiently building and repairing the public infrastructure. Governments

1 "Financing Public Physical Infrastructure" (Report, Advisory Commission on Intergovernmental Relations, Washington, DC, 1984).

have long contracted out for this kind of service and have well-developed procurement systems and vendor relationships. In this kind of public-private interaction, the government is not inducing the private sector as a hesitant or unwilling party to undertake a risky venture. Rather, government is taking advantage of the tax laws and the perceived higher level of efficiency of the private sector to construct facilities. The private sector is bidding on work it believes can be profitable during the term of the contractual relationship.

As the infrastructure and public works privatization discussions continue, a major philosophical shift is under way in financing additional economic base development in existing urban areas. The shift can also be seen, in a slightly altered form, in the expansion of suburban areas and the opening of new growth nodes in exurban areas.

The public sector is beginning to use the concepts of risk and reward analysis and is prepared to make equity investments to stimulate the kind of development it wants. Conversely, the private sector is beginning to learn how to deal effectively with state and local governments. Private developers are recognizing the critical role that services such as transportation, water and sewer, and public safety play in the success of a project. Increasingly, developers are willing to pay the cost of such services directly as part of the cost of doing business.

Further, developers are coming to learn that developing within the context of an appropriate public plan will reduce approval time and, in the long run, lead to greater capital value when a project is sold or refinanced. The costs and benefits to the community are becoming part of the calculus of development because the overall environment that exists following development is critical to the success of a project in an urban area.

A new project that is an island in a decaying city cannot capture future value despite initial lease-up success. At the same time, a city that does not prepare appropriate development parcels with well-conceived development packaging and a responsive development process will not attract the attention of good developers. This is especially true if the city's long-term commitment to maintain public services and provide appropriate capital investment is not also present.

The map of any urban region can be seen as a series of development opportunities that have various risks and rewards for developers and various costs and benefits for the public sector. The market and public policy are two countervailing forces. Often these forces are in consonance, and positive growth that is well planned, well received, and remunerative is the result. When the forces act in opposition, the result is public plans that are infeasible in the market or a developer's quest for profit that is opposed to the public good.

For example, large and small cities throughout America are pockmarked with weed-choked urban renewal sites and pedestrian malls full of vacant store fronts. Here public policy was not consistent with market reality. On the other side, developers' closets are full of architectural renderings of massive building projects whose density, transportation impact, pollution, requirements for massive public investments, or other antisocial characteristics have rendered them unpermissible.

How do the countervailing forces sort themselves out? Typically, the feasibility of a project boils down to financeability Each side antes up debt, equity, finan-

cial guarantees, and external forms of support. The negotiations that ensue revolve around who is trying to induce whom to do what. In today's development environment, the parties are just beginning to understand the boundaries between their own interests and those of the other side.

In the past, the relationship between local officials and developers was distorted by the policies of the federal government. The funds available for mass transit, sewer systems, urban redevelopment, and community development were structured in categories that limited their use in accord with federal guidelines. As flexibility was introduced into the programs, funding levels were reduced. Today, further withdrawal of federal government funding for urban development projects is clearly signaled by current priorities in defense spending, tax reform, and deficit reduction that have eliminated funds for most projects.

This shift in federal priorities is a clear signal that new local initiatives must be undertaken. At their recent convention, the nation's black mayors heard a call for a new self-sufficiency. This is a far cry from the 1970s, when a mayor was deemed an effective manager if he or she was able to garner a disproportionate share of federal funds. Local priorities were often dictated by the availability of federal funds for a particular type of project.

Today, a good mayor or local official has learned to implement cutback management, to contain expenses and reduce services in the face of federal reductions. The best managers have gone beyond containment into a series of strategic decisions about how the economies of their communities can be shaped. They realize that public planning and public capital play an integral role in the development process and that these must be used to leverage or direct private investments.

The next decade will feature continued exploration of new relationships between the public and private sectors. New modes of thinking will emerge regarding the legitimate interests and appropriate roles of each party. What is beginning to be created is an analytic framework that places future financial relationships between developers and governments in an appropriate context. The discussion that follows will focus on current perceptions of the roles of government leaders and developers who are working in those core urban areas that require inducements to create new development.

Areas that have natural attractiveness face the same problem of dealing with the private sector, but from a different perspective. Rather than inducing development, they must contain it so that the benefits of development are not outweighed by its costs. To do this, they must be as sensitive to the bottom-line economics of the developer as their counterparts in the older urban cores.

COMPONENTS OF URBAN DEVELOPMENT FINANCE

There is both hardware and software in the financing of urban development. The hardware is the creation of the projects themselves and the mobilization of the capital to make them a reality. The software is the conceptual approach of the parties to development and the process and framework that they use to reach an agreement that allows a project to be built.

There is a continuum of urban development projects from the purely public to the purely private, from construction

of city halls to rehabilitating apartments. In between are what might be called joint dependency projects. More and more, as local governments undertake capital spending, they do so either in reaction to development or in hopes of stimulating it. This is true both in urban core areas and in suburban areas where water supply, road capacity, and sewer availability are intimately tied to the capacity of a community to accept additional development or the way in which a community must react to trends that are occurring.

Similarly, developers are dependent on capital spending by governments to make their projects work, and the police power of the government presents hurdles over which the developer must jump. Developers also recognize that governments are capable of risk sharing and promoting the value of private development by their own independent actions.

Joint dependency is characterized by a series of possible roles on each side. The government may be a passive facilitator of private development through land acquisition, condemnation, or construction of site improvements for a fee. The government may be a regulator through zoning or other land-use controls or it may be an active promoter through public investments, debt guarantees providing access to credit markets, or tax incentives. Conversely, the developer may act, vis-à-vis government, in roles from respondent to the government's request for proposals to the motivating force leading the initiative for development in a new area of the city.

The availability of capital and changes in the nature of capital markets further illustrate the growing tendency to joint dependency. Nationalization and indeed globalization of the availability of capital have increased the need for surety and security. Surety is defined here as the likelihood that a given project will be completed. Developers must be able to clearly demonstrate to capital market participants far removed from the local scene that the necessary preconditions or conditions precedent will be met so that a project can go ahead in a timely manner. The developer shifts this burden to the local government by saying, "If you can't assure me that my project will receive priority treatment, I will make my investment elsewhere."

The second element, security, is meant in the traditional sense. Again, the national markets impose a new discipline in that they seek, ideally, a ratable security based on an established credit rating that can be made into a marketable security and sold on a fungible basis in any market. Most governments have a distinct advantage over most developers in that they have established credit ratings usually of investment grade. This enables governments to enter many capital markets that are barred to developers. The developer typically finances on a project basis with a particular loan-to-value ratio being established to dictate the amount of equity capital that must be raised. By contrast, governments borrow on a credit basis, using their taxing power or long-established flows of revenue as security for their credit pledge.

The rules governing the issuance of tax-exempt bonds have long created a Chinese wall between governments and private developers. There has been one set of rules for governments and another set for developers using Industrial Development Bonds or other tax-exempt instruments. The sweeping changes contained in the Tax Reform Act of 1986 and the significant narrowing in interest

rate spreads between tax-exempt and taxable debt are causing many governments to think about using the access to their credit markets provided by their ratings to assist developers in obtaining taxable financings. This includes options such as guaranteeing a mortgage to make a project credit worthy; structuring a pooled commercial paper program backed by an offshore letter of credit, perhaps denominated to float with the London Interbank Offered Rate; or agreeing to take office space to meet a preleasing requirement. In each case, the local government has implicitly or explicitly calculated a return for the risk it is taking. Its means of analyzing its return, however, are very different from that of the developer.

The benefit to the developer includes the filling of the gap to make a project feasible, lower equity requirements, and a lower overall interest cost. Developers can easily calculate the contribution of these benefits to the bottom line of their pro formas and are willing to share them with the government if that is necessary to make the project work by inducing the government to take the risk.

Participants in major urban development projects, particularly ones involving joint dependency, will observe that the hardware side of project definition and market access is simple compared to the negotiations of interests between the parties. Some government officials and developers have observed that, if they knew the difficulties of agreement at the outset, many projects would never be built.

This leads to a consideration of software, the concept that each party has of the development process and the framework that each uses for resolving differences in their interests. When a government approaches development, it usually has a notion of progress. This notion may be well defined in a plan and have a quantified cost-benefit analysis associated with it. Developers have a goal of profit. Their pro formas showing net operating income and internal rates of return are integral to the ability to obtain financing and their willingness to build the project.

The two approaches may or may not be fundamentally in conflict, but even when they are not, they do not lend themselves to a common analysis. While some benefits to the public party are direct, such as increased real estate or sales taxes generated by the development, many of the benefits are indirect and difficult to quantify. The assumptions used in discussing job creation typically include a multiplier that is related to the area economy as a whole. The direct job creation benefit is seen as having a ripple effect that further adds to the project's value. In the first place, how does a government directly value a job as a valuable commodity that would not exist without its involvement? Second, how can indirect effects based on unknowable estimates be used to make an investment decision?

The discussion quickly moves further afield, and public benefits are measured in terms of avoided public services, convenience, reduced congestion, shortened travel time, reduction of overall blight, stimulus to further development, and so on. These are subjective values and often form the basis for political conflict. Still, the analysis may be appropriate when a government undertakes a purely public project and has no alternative yardstick.

Governments are typically better at measuring costs. These come in the form of direct contributions of cash or financial guarantees, construction of needed

public improvements, making land available, providing access to tax-exempt financing, or added public service costs for police, fire, schools, and the like.

If the government's analysis is guilty of imprecision, the developer's analysis is typically guilty of myopia. Making the numbers work seldom values the contribution to a project's net income that is made by direct public contributions of infrastructure. These are assumed to be free goods that the developer does not have to pay for. Similarly the impact on public costs does not show up as an operating expense.

The gap between the two parties is reflected in the history of their relationships. Throughout the 1960s and 1970s local priorities were dictated by the availability of federal funding. The primary objective of a local development program was to obtain as much federal funding as possible and use it as well as possible within the federal guidelines.

The role of the private sector was a black box to federal and local officials. Subsidization and write-downs were seen as the primary tools needed to attract major developments. If land and improvements could be written down far enough, surely a developer could be found to take on a desired project.

Meanwhile, developers and their institutional lenders were busy building shopping malls, office centers, and industrial parks in former cow pastures. The market, they said, did not exist in downtown areas. The process was too complex, the uncertainties too great, city officials too unresponsive. Institutional investors shunned these areas, the demographics were not good, and there was too much opportunity in the suburbs.

A series of factors began to change the environment in urban core areas in the late 1970s and early 1980s:

1. Prior federal investments began to aggregate substantial sites that could not be ignored.
2. More flexibility in funding from the Economic Development Administration, the Community Development Block Grant, and Urban Development Action Grants (UDAGs) allowed cities to attempt innovative development approaches.
3. City officials became more sophisticated and the arms-length bidding relationship for development rights slowly evolved into a constructive negotiation of what it would take to expedite the project.
4. The shifts from manufacturing to services and particularly the growth of the finance, insurance, and real estate sector as well as the legal profession created new demands for office space in center city areas.
5. At the same time, development opportunities in the suburban areas were diminishing and developers were looking for new areas of opportunity.
6. Retailers began to realize that boutique-style malls could be combined with traditional retailing giving a high level of traffic density. The concept of festive retail became a gleam in the eye of mayors all over America.

While new housing construction lagged, conversion and rehabilitation flourished, driven in large part by the rehabilitation tax credits and facade easements available under then-current tax laws. More office space, more jobs, more disposable income, and more ability to afford newly created housing near places of work acted as a powerful incentive for neighborhood development throughout America. Urban markets began moving from negative to positive for developers.

The interest of city officials was to

ride and direct this upsurge in market capacity to meet their own objectives, which were finishing projects planned in the 1960s and 1970s, increasing employment, expanding the property tax base, increasing the utilization of public transportation, rehabilitating neighborhoods, keeping firms from leaving, and allowing institutions to expand.

Developers saw the availability of cheap land; equity infusions through UDAGs, Community Development Block Grants, the Economic Development Administration, or other local sources; an improving market; a better climate in the public sector; substantial tax benefits; and new forms of financing such as equity syndications, participating mortgages, and tax-exempt financing. All these improved the attractiveness of a project and allowed a very low—perhaps even negative—cash-equity cost; little cash-flow risk; and large potential gains from sale or refinancing.

Reconciling the two sets of interests through negotiation proved relatively easy because the federal government was the deep pocket in the transition in a variety of ways. Land write-downs, grants or loans, site improvements, tax benefits, and tax-exempt financing were all available to reduce costs and improve the developers' bottom line. In fact, few cities were sophisticated enough to understand the wealth that they were creating in developers' hands.

With the building out of old urban renewal projects and the cutbacks in federal funds coming as a result of the priority of deficit reduction, localities are being required to dip into their own treasuries and to set their own policies and priorities. This requires a reconciliation of public responsibilities with private opportunities that is only just beginning to emerge. The previous phases of begging developers to undertake pioneering efforts with federal subsidies is giving way to a willingness, even a desire, on the part of the developer actively to induce the public sector to assist in providing the surety and perhaps the security necessary for projects to go forward. To provide this inducement, developers will need to factor a direct return into their pro formas for the contributions of the governmental partner.

PUBLIC RESPONSIBILITIES AND PRIVATE OPPORTUNITIES

There are two primary public responsibilities in financing urban development. The first is to create a physical setting that is attractive and promotes productivity. The second is to create a civic climate that is able to evaluate development opportunities and capable of focusing resources. To fulfill both responsibilities, a physical plan, a capital-improvements plan, and a strategic plan are essential ingredients.

The physical plan springs from a sense of what is, what should be, and what can be. Government is the focus of physical planning, and physical planning defines the limits of opportunity for urban development. In the long term, broad social, technical, and demographic forces shape the physical container that is an urban area. In the short run, existing land-use patterns dictate the majority of location decisions. Unfortunately, planning decisions cannot be made retrospectively. The community must make a forward-looking statement about the kind of change that can occur.

If the physical plan traces an outline of desired development, the detailed working drawings are provided by the capital-improvements plan and its accompanying financing plan. The public re-

sponsibility for streets, highways, schools, sewers, water mains, parks, jails, subways, libraries, museums, bridges, fire stations, and other facilities must have a rational timetable for planning, design, construction, financing, and operation. The credibility of the capital-improvements process, taking into account a community's historic ability to fulfill its commitments, provides the developer with a significant proportion of the surety that the conditions precedent to development will be met.

An axiom of development is that the market hates uncertainty. If required capital facilities cannot be built on a timely basis, developers cannot acquire land and begin their own planning without incurring a significant penalty in terms of carrying costs. To design an industrial park and acquire the land in anticipation of the completion of a promised sewer system that is several years late costs both the developer and the community. The developer's costs are easily measured in terms of carrying costs on land and site improvements. The costs to the jurisdiction can be measured both directly in terms of lost tax revenue, but, more important, in a slower overall pace of development as other developers lose confidence in the government's ability to deliver.

While conceptualization, scheduling, and execution of capital improvements are important, an orderly financing plan is critical. As noted, most governments are rated by the major credit-rating agencies as to their credit capacity. The majority of these ratings are of investment grade and give the governments access to broad public credit markets. This access enables them to finance needed projects based on the full faith and credit of the jurisdiction—general obligation bonds—or based on the revenues that can be capitalized from the cash flow of a particular project—revenue bonds—or some combination of the two techniques—such as moral obligation bonds.

For each capital project to be undertaken, a credible source of financing and a timetable for executing that financing should be in place at the same time the project is included in the capital-improvements program. The degree of risk in the execution of the financing plan should be clearly identified. If general obligation bonds or revenue bonds under an existing indenture are to be issued, the impact on debt limits or covenants can be easily understood and calculated. If untested pledges such as sale leasebacks or tax increment financing are planned, there should be a heavy reliance on pro forma data and discussions with rating agencies to assure their response before committing to the project. In all cases, risks should be clearly understood at the outset.

Equally as important to the government in its decision regarding whether to support a project or which proposal to support is the direct quantification of return to the government. This is particularly true if the government is using its scarce general obligation borrowing capacity, guaranteeing a loan or contributing revenue directly. In these cases reliance on cost-benefit techniques is not enough. The government must calculate the actual return on its debt or equity that it anticipates over the life of the project.

To implement the physical plan and the capital-improvements plan and the latter's companion financing plan, a strategic plan for development is essential. Without a consistent statement of objectives, a firm understanding of opportunities and their relationship to the

economic environment, a process for sorting out responsibilities and establishing deadlines, and a monitoring function that oversees the project from the public side, the first two plans will be extremely difficult to implement.

The strategic plan must contain judgments about the type of development that is feasible, obtainable, and desirable. It must establish quantifiable measures of return for various kinds of local investments. It should introduce the concepts of internal rate of return and upside potential into the lexicon of the public discussion. It should identify all of the tools that it has available to direct or assist development and assign a minimum return in direct tax benefits, fixed returns, preferred returns, or percentage of residual value. These kinds of precise targets will begin to remove the uncertainty and the analytic barrier between the parties. Developers can react to the public requests for a return in a manner similar to their negotiations with debt and equity providers.

Table 1 presents an analytic framework based on a hypothetical negotiation between a government and a developer. The local government identified the need in their strategic planning process to demonstrate that a first-class office building could succeed in their town. The developer recognized an opportunity to reduce development risk by cooperating with the government. The financing plan included developer equity, a participating mortgage, a UDAG, and a commitment on behalf of the city to lease a significant portion of the space at market rates.

The process of negotiation was iterative and involved a high degree of information sharing and good faith by both parties. The developer had a target internal rate of return of 25 percent. The equity amount consisted of work done on the project over the prior 12 months as well as actual cash. In seeking financing, the developer went to an insurance company to ask for a participating mortgage that would cover the construction period as well as be the source of permanent financing.

The insurance company considering the participating mortgage had a target internal rate of return of 12 percent. The annual coupon on the mortgage was 10 percent Therefore, to meet this goal, their participation in the residual value of the project, assuming a tenth-year sale, was set at 55 percent, with their participation in the net cash flow after developer's return and UDAG participation set at 50 percent. This enabled the institutional lender to project a continuous cash flow and to participate in the increased capitalized value of the project in the future.

As a condition of granting the mortgage, the institutional lender required demonstration of a 30 percent preleasing commitment by the developer as well as a ratio of net operating income to debt service of a least 1.25. With these preconditions of the institutional lender in place, the developer was able to discuss his interests in earnest. The developer believed that, in return for the work on the project over a two-year period and the contribution of cash equity of $3 million, he was entitled to an internal rate of return of 25 percent composed of a preferred return before payments to the city and both a preferred and residual share of sale value after taking into account the portion accruing to the institutional lender and the city. To make the project work, he asked that the UDAG be a grant, not a loan, and that taxes on the project be abated for five years. The city felt that a UDAG of $10

TABLE 1

SAMPLE CITY-DEVELOPER NEGOTIATING FRAMEWORK

Investment		Residual capitalization rate	10 00%	Mortgage rate	10 00%	Developer return	
Lender	$36,000,000	Present value discount rate	9 00%	Mortgage term (years)	30	Cash flow, preferred	25 00%
Participating mortgage	9,000,000	Prelease square footage	33 00%	Mortgage balloon (years)	10	Residual value, preferred	15 00%
Developer equity	3,000,000	City 100,000		UDAG* rate	6 00%	City return	
UDAG*	10,000,000	Building size (square feet)	300,000	UDAG* participation	15 00%	Cash flow	25.00%
						Residual value	25.00%
Total	$58,000,000					Equity lender return	
						Cash flow	50.00%
						Residual value	55.00%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross income	7,546,800	7,927,868	8,328,192	7,554,978	9,190,646	9,319,849	8,760,618	10,654,995	11,193,336	10,159,121
Vacancy	(1,293,750)	(815,063)	(456,435)	(239,845)	(314,512)	(313,487)	(277,651)	(364,087)	(382,292)	(321,416)
Effective gross income	6,253,060	7,112,796	7,871,757	7,315,133	8,876,134	9,006,362	8,482,967	10,290,908	10,811,044	9,837,705
Less total expenses	(1,157,775)	(1,292,202)	(1,413,176)	(1,407,345)	(1,585,285)	(1,366,136)	(1,376,020)	(1,527,848)	(1,604,576)	(1,593,972)
Net operating income	5,095,276	5,820,594	6,458,581	5,907,788	7,290,849	7,640,226	7,106,947	8,763,060	9,206,468	8,243,734
Debt service	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)	(3,818,853)
UDAG* debt service	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)	(726,489)
Net cash flow	549,933	1,275,252	1,913,239	1,362,446	2,745,507	3,094,884	2,561,605	4,217,718	4,661,126	3,698,391
Preferred return-developer	(137,483)	(318,813)	(478,310)	(340,611)	(686,377)	(773,721)	(640,401)	(1,054,429)	(1,165,281)	(924,598)
UDAG* participation	(82,490)	(191,288)	(286,986)	(204,367)	(411,826)	(464,233)	(384,241)	(632,669)	(699,168)	(693,448)
City participation	(103,113)	(239,110)	(358,732)	(255,459)	(514,783)	(580,291)	(480,301)	(790,822)	(873,961)	(554,759)
Mortgage participation	(206,225)	(478,219)	(717,465)	(510,917)	(1,029,565)	(1,160,581)	(960,602)	(1,581,644)	(1,747,922)	(1,386,897)
To developer	20,623	47,822	71,746	51,092	102,957	116,058	96,060	158,164	174,792	138,690

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Lender return										
Investment	$45,000,000									
Total return	4,025,078	4,297,072	4,536,317	4,329,770	4,848,418	4,979,434	4,779,455	5,400,497	5,566,775	63,246,417
Return on investment	8.94%	9 55%	10.08%	9.62%	10.77%	11 07%	10.62%	12.00%	12.37%	140.56%
Internal rate of return	12 00%									
Developer return										
Investment	$3,000,000									
Total return	158,106	366,635	550,056	391,703	789,333	889,779	736,461	1,212,594	1,340,074	18,032,897
Return on investment	5 27%	12 22%	18.34%	13 06%	26.31%	29.66%	24.55%	40 42%	44.67%	601.10%
Internal rate of return	28 91%									
City return on UDAG										
Investment	$10,000,000									
Total return	829,602	965,599	1,085,221	981,948	1,241,272	1,306,780	1,206,790	1,517,311	1,600,450	18,391,405
Return on investment	8 30%	9 66%	10 85%	9 82%	12 41%	13 07%	12.07%	15 17%	16.00%	183.91%
Internal rate of return	14 77%									
City effective rent and return										
Total rent and expense	2,400,000	2,520,000	2,646,000	2,778,300	2,917,215	3,063,076	3,216,230	3,377,041	3,545,893	3,723,188
Total rent less participation	(103,113)	(239,110)	(358,732)	(255,459)	(514,783)	(580,291)	(480 301)	(790,822)	(873,961)	(554,759)
Effective rent per year	2,296,887	2,280,890	2,287,268	2,522,841	2,402,432	2,482,785	2,735,929	2,586,219	2,671,932	3,168,429
Share residual	$10,240,282		Average effective rent per square foot years 1-10 including residual					$15 20		
			Net present value of effective rent per square foot with present value of share of residual subtracted					$11.66		

NOTE: Columns may not sum to subtotals and totals due to rounding.
*Urban Development Action Grant

million was supportable based on a leverage ratio of 4 to 1 and the creation of 650 new jobs, net. The city believed repayment provisions of the UDAG could feature subordination to the institutional lender and allow a preferred return for the developer that met his internal rate of return target. However, the city asserted that the UDAG should be a loan and that the repayment of the UDAG would be based on a 6 percent annual interest rate and 15 percent of the net cash flow after debt service as well as 15 percent of the net proceeds at sale or refinancing.

The most difficult negotiation was valuing the city's agreement to take a significant amount of space in the building in order to meet the insurance company's lease-up requirement. The city argued that the value of its contribution must be the difference between the rent that it would otherwise have to pay and the market rent in the new building and that it should have a share of residual value. The developer argued that the city was getting a series of intangible benefits at almost no net cost, and he attempted to quantify the impact that the project would have on the development environment and in particular on the assessed value that could be placed on contiguous parcels.

Finally, it was agreed that the city would not allow real estate tax abatement on the property, but would reduce its demand for a larger share of the residual value of the property to 25 percent if the developer would agree to maintain a small park area that was included in the plan.

The developer's interest to gain a relatively secure return on his time and equity was in place. The institutional lender had seen its financial terms met and felt comfort in the security of the city's being the prime tenant on a prelease basis. The institutional lender also felt satisfied that the commitment of the city increased the surety of the project's being complete on a timely basis. The city's interests in seeing the project go ahead were met, and it gained a fair rate of return for the UDAG investment and at least broke even on the cost of occupying space that was needed in any event.

What is unusual about the negotiation is that each party adopted the analytical framework of the other side. The city was comfortable in dealing with the requirements of the development pro forma in a way that was fair and sophisticated. The developer realized that its position would be enhanced by documenting the increased benefits that the city would receive from the completion of the project. This kind of negotiating framework is just beginning to emerge in governments across America.

CONCEPTUAL CHANGE

The future of financing urban development requires a conceptual change on the part of both parties that is embodied in the negotiating framework previously described. Governments must look to the concepts of equity interests, debt guarantees, and rates of return as they go about involving themselves in the development process. They must analyze their own financing capacity and realize that being able to cause a security to be rated or to allow a financing to proceed based on credit rather than strictly on project revenue adds significant value to a transaction for which the jurisdiction should be compensated.

The provisions of the Tax Reform Act of 1986 have forced governments to rethink the mechanisms by which they

will finance development projects. The subsidy inherent in tax-exempt financing has been substantially reduced. However, the opening of new capital markets at home and abroad and the creation of new instruments allow highly creditworthy entities such as local governments a great deal of flexibility in financing projects that has not been possible in the domestic tax-exempt markets.

The conceptual change that is required on the government's part is to be open to these new techniques and able to analyze the risk and rewards that are inherent in them. This analysis must be conducted against the backdrop of a strategic plan that sets very specific objectives regarding the standards that must be met before a project will be considered for assistance. This assistance should be arrayed as a menu, with a price in terms of direct and indirect returns for each item that is available.

A conceptual shift is also required on the developer's side. Just as the development and institutional lending community moved from the suburbs back into the cities, they must move away from being profit seekers who take without being willing to share. The only way that a project can reach its highest capitalized value and provide the kind of internal rate of return that developers and their lenders are expecting is for the entire environment surrounding the project to be upgraded also. If a city can show its ability to function as a thoughtful manager of the development process, the developer should seek to put a continuing stream of income in the city's hands so that it can reinvest in other projects that will indirectly benefit the developer. This long-range perspective is consistent with the viewpoints of the best developers and is also consistent with the patient-money viewpoint of the best lenders.

The future of urban development finance rests on the willingness of developers and governments to recognize their joint dependencies. The costs of providing public goods are too great to be left solely to governments. The direct rewards of development are too great to be left solely in the pockets of developers. The benefits of well-conceived and well-executed development are great enough to be shared by both parties.

* * *

QUESTIONS AND ANSWERS

Q (Philippe Meunier, Caisse de depots, France): It is interesting that in France and in Europe in general, we face exactly the same type of problem of who should finance what with what kind of tools. What has been interesting for me, too, is the capacity of the U.S. market to generate a lot of innovation. We do not have this in Europe in general.

We have in France, as in the United States, a declining rate of intergovernmental transfer of funds from the state level to the local authorities, and we have a rising debt rate for local authorities and the agencies. We have new markets coming with the deregulation of French markets. We have a problem in financing special investment and especially very long-term investments. For example, it is difficult for us to finance public housing or new projects for local authorities, such as creating a local communications network with fiber optics.

My second point is more in connection with the behavior of the local authorities. Since about 1982, much more power has been transferred from the central government to local authorities mainly at the regional level in France. As a result, the local authorities in France will be compelled to learn to use new financial tools, but they will do so probably by being very cautious, unaccustomed as they are to taking initiatives of this kind. They will have to hire not civil servants, but people with financial skills. This sort of hiring is a very new experience at both the local and central government levels in France.

Moreover, there will have to be efficient cash management. Local authorities are prevented from having that now because they are obliged to make deposits at the treasury with a return of just 1 percent a year, which is nothing. Given a growing constraint on budgets, they should manage their cash much better. Nevertheless, evolution in the French system is tending toward more efficiency in the allocation of resources for long-term investment.

I think new tools, new approaches, to finance development will and ought to be sought in France as they are in the United States, with a greater mix of public and private financial tools.

Finally, there is a danger if we let the market operate totally without regulation that, in fact, only the healthiest communities will be able to raise money, leaving no money for long-term investments for the remaining communities.

A: The only distinction I would make is that there are many things that are purely public and based on general credits of the governments backed up by either state or federal ability. We are still going to need financing for those things. Localities, in making their own decisions and setting their own priorities—particularly on development projects in regions—should be on their own.

There may be some cross-subsidization by the public. Amsterdam, New York, for example, is now home of the Cabbage Patch Kid. The Coleco toy company is headquartered in Amsterdam, partially due to the functioning of the market with respect to the labor force there. Amsterdam had been a brush center for many years, and as a result there were skilled workers there who were capable of handling fabric and making Cabbage Patch Kids. Letting the market operate with private developers who sense how to make things profitable, with the public's receipt of a return on that part of its investment, and with the purely public things handled with the general credits of the localities and taxing powers gives us a blend that begins to support renewal financing.

Q (Jerry Watts, Wesleyan University, Middletown, Connecticut): There is a logic going through the discussion that suggests that the city already has some organic unity. In a sense we are smoothing over tremendous distinctions occurring within this urban quality. The urban crisis seems far more problematic than has been suggested.

A: Dr. Terry Clark from the University of Chicago wrote a book after the urban fiscal crisis. In the book, he analyzed the causes of urban fiscal crisis. The highest correlation he found between fiscal crises and anything else was the size of the Irish population. The finding supports the point that the diversity and density of this society and the organization of the groups within it are tremendously important to the financial development of that community.

The key factor in financing Philadelphia's renewal over the next thirty years

is the success of the black middle class. If the black middle class is unsuccessful and does not develop as a social unit, or if it migrates outside the city of Philadelphia, the city will crumble under its own weight. As the white middle class continues to get older, the black middle class is supplanting it. If the black middle class moves to the suburbs, the city will implode unless there is a new revival with a Spanish-speaking, Korean, Vietnamese, or other in-migrant population behind it.

COMMENT (Widner): The city is so many different things that we run a danger when we talk about it of going down a linear route and describing it in only one form, excluding its other aspects. The treasure of American society is its pluralism. That is really what makes America distinctive in world history. It is the accommodation of that pluralism in the city's governance that excites us. What worries me is that pluralism can also pull in on itself. It is possible, for example, for a group of people to have a vested interest in economic decline.

Let us look at a city like Philadelphia, where 40 percent of the population is black. Let us assume that black Philadelphians very much want to have a deep and profound influence over their affairs and their community and its governance. On the other hand, if all they controlled was a decaying economic system that was yielding fewer and fewer returns, it might keep some people in power for twenty years, but ultimately that system is in the long-run interest of neither them nor anyone else. So you have the trick in using this pluralism, but at the same time recognizing the economic realities.

We have a very poisonous debate going on in Philadelphia right now over a project, a convention center. The convention center is perceived by some members of the minority community as primarily a downtown project that the big-business community wants. The irony is that there is not a single big business that has been a proponent that has a financial stake in the convention center, and not one would be affected in the slightest if it was not built. The reason these business leaders went out on a limb advocating it was that they saw it as probably the best way to generate a large number of entry-level jobs, 40 percent or more of which would likely be filled by minority employees because of the spin-offs in restaurants, hotels, and other establishments. Yet the minority community opposes the convention center because it sees the center as an antineighborhood project. Here is a clear breakdown in communication between two parts of the community. What is needed is a forum where all the parts of that community can work together and ultimately share a vision of what makes the place tick and where the place ought to go from here. Most American communities do not have that yet, and that often is where the problem is.

Q (Craig R. Humphrey, Pennsylvania State University, University Park): One of the things that we have been very much interested in at Pennsylvania State University is the impact of local industrial development groups, particularly not-for-profit local industrial development groups, on employment change. Such groups constitute probably the single most organized effort that can be found in almost any community in the state of Pennsylvania, which has gone through the industrialization process. The effectiveness of these groups in

terms of employment change is almost zero. There is a tremendous amount of capital being put into these groups. The groups are having some effect in the Philadelphia and Pittsburgh areas, but in the smaller towns they are actually encountering deeper problems. What can local industrial development groups in smaller urban areas do to deal with the problems? Basically what they are doing right now is following the Philadelphia and Pittsburgh models.

A: I want to be very careful not to make a political statement. At the same time, in certain cases senior governments are needed to help out when there is not a sufficient resource base at the local level.

I think that in both Philadelphia and Pittsburgh there was enough of what Royce Hanson called autonomy or at least the critical mass of resources to be able to shape things and cause things to happen in those cities.

There have never been enough resources put into local industrial development groups in the counties from the state level or from the local level to cause them to function properly. Industrial development bonds were a subsidy for everybody, therefore they were a subsidy for nobody. These bonds were not utilized until the last five or six years in many counties, and then not accurately targeted. The county industrial development authorities were not as well staffed as they might have been for their own reasons. Not that the staffs were bad; they were just too small and too few. Some outreach staffs were needed, and so were some people who could develop industrial parks. I do not think we have had a thoughtful plan in Pennsylvania for what should be done. The Allegheny Conference on one side of the state and the Greater Philadelphia First Corporation on the other side create that planning mechanism at the state's two poles, but there is nothing to cause that plan to coalesce. There are not enough resources to carry it through, nor enough people to garner the resources to implement the plan. Unless the state government decides to help, we are simply out of luck in that situation. There are those who say that it is better to have a job in Pennsylvania than it is to have friends in Pennsylvania. I think that is a slogan we will hear more of.

Q (Dick Winchell, West Georgia College, Carrollton): What is the role of international finance in the development activities of cities? Is it a catalyst, or might it be in a separate category? How important are activities in cities like Philadephia in terms of financing? In Atlanta, we see that major redevelopment projects in that city are undergoing a stage of partnership between city government and international corporations or organizations, international capital rather than state or local capital.

A (Widner): For some cities I think the presence of international financial institutions is a great benefit not only because of the kind of human capital that exists in those institutions themselves—in the capacity of thinking creatively about how to finance various kinds of urban projects—but because of the various other kinds of support and parasite institutions that international banking spawns, which also involve a lot of very high-powered intellectual talent. That capacity—if linked to some vision of the city and if mined and used by those who would leave the city—can be of considerable value to the city.

The down side of it for a number of other cities is that as we nationalize and internationalize the banking system, we alter the kinds of local and regional

financial institutions that have been important in urban development activities historically, and I do not really have a very good idea of how that is going to play out.

I see, for instance, in the rural Midwest, where branch banking is now being permitted by state legislatures and where out-of-state banks are beginning to buy—or in some cases buy and then close—local banks, a considerable impact on those local economies and the strategy that is going to have to be followed in urban development. Concerning small-community and rural economic development activities, we have to figure out ways in which to link the kinds of labor skills and qualities that subordinate communities have to the kinds of service requirements that some of the other cities and places have. The subordinate communities must find a niche within which they can work and find a source of capital that they can use to develop that niche.

COMMENT (DeSeve): One of the great ironies I saw when I worked at Merrill Lynch was a relationship between Japan and the state of Michigan. Michigan was in terrible financial shape in 1982. It could not sell its tax anticipation notes for the upcoming fiscal year. A consortium of Japanese banks was arranged to guarantee the state of Michigan's notes in the midst of the auto recession caused in part, according to many observers, by Japanese dumping that led to anti-dumping provisions. It was fascinating to watch the Japanese bankers pick through the credit that was Michigan and decide that they liked it pretty well. They thought more of it than most American bankers did.

My second story concerns my old boss at Merrill Lynch. A couple of years ago, Merrill Lynch announced its global strategy, and we were all given cowboy hats to march toward the global frontier of finance. One of the guys took it seriously. That guy was my old boss, Jean Jacques Rousseau, a longtime New Yorker. He is now vice-chairman of Merrill Lynch International in London because the fungibility of his skills was such that his understanding of how to deal with governments in America was perfectly transferrable to dealing with governments abroad.

In any transaction, credit must be separated from rate. Credit is something that is analyzed very carefully by people who are very close to the situation, and regardless of where the bank comes from, it must have credit comfort: how well a bank or investment bank understands the nature of the project, who the people involved in the project are, the economics of the area, and all of the other credit factors.

There will always be a local banking community that focuses on credit. In fact, what we are seeing in Philadelphia now is that the successful banks—other than the international banks—are trying to copy what PNB has done regionally to develop a middle market and intensive regional strategy of lending. PNB knows more about the credit of those institutions than the boys from New York do.

Banks are paid for understanding local credits by being able to charge a higher interest rate. A borrower in a *Fortune* 1000 company in the Delaware Valley will borrow at a little less than prime, probably with no significant compensating balances. A borrower in a *Fortune* 5000 company will borrow at prime plus a half or maybe prime plus one. Branch banking is never going to change that because there is too much credit infrastructure and understanding that exists in terms of talent in each region. The branch banking offices and

the loan production offices will never be able to grow enough people fast enough to combat the lead that the regional bankers have.

Now, on the interest-rate side, rates are becoming more and more fungible. For example, the state of Louisiana, with a Sumitomo Bank guarantee, is borrowing at floating rates to finance small businesses. This program must first have each loan underwritten from a credit standpoint by a local bank. Once a transaction becomes a marketable security that is rated, it may be possible to get credit support from Japan and funds from Europe. But the preliminary credit analysis of a loan is homegrown.

Q (Fred Greenwald, Foundation for the Development of International Probation and Parole Practice, Norristown, Pennsylvania): I would like to know what efforts are being made to assist in the redevelopment or the further development of the cities in the African nations. What help is being given to them in the development of their industries? Many people in African nations, as in many others, are moving from the rural areas into the cities looking for jobs and looking for opportunities.

A (Widner): The World Bank, the International Monetary Fund, and a lot of international organizations focus on the Third World cities. In addition, there are a number of U.N. efforts, but they run up against the same financial problems as efforts in the industrial regions do. As resources dry up, more ingenious ways must be found to finance the cities' infrastructure and housing and other needs in the face of huge population influxes. The Third World cities are at a different stage in development from that of cities in the industrialized countries, in that the Third World has large rural populations that are flowing into the cities. Large shantytowns surround these cities, and the cities' infrastructure is enormously overburdened. It is a horrendous world problem.

If you want to do an interesting intellectual exercise, go back to your world almanac of, say, 1950 and look at the section that lists the largest cities in the world, and then compare those with the largest cities listed in this year's world almanac. I will bet you nobody here can name the current largest cities in the world or the cities that are on the brink of becoming the largest cities in the world.

COMMENT (DeSeve): I think what you are saying is that the biggest problem, other than the physical and social problems, is the problem of institutional development. Marja Hoek-Smit, who is at the University of Pennsylvania and now works with Bill Grigsby there, is helping to develop the savings bank system throughout Africa that will lend money for small industrial loans as well as housing loans.

There is no system of housing finance in Africa. When the society becomes industrialized and someone needs to purchase a property, there is no way for the purchaser to obtain a loan. The primary problem that the World Bank is focusing on now is building financial institutions in Third World countries. China, for example, has just indicated that it is putting more and more financial autonomy in the hands of localities. China has the same problem: building local financial institutions. If the local institutions are created, they will have access to the markets once their credit is established.

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America's Industrial Cities: Jolted but Resilient

By PAUL R. PORTER

ABSTRACT: Many industrial cities, especially those associated with steel and automobile manufacturing, will probably suffer additional damage to their economic base as a result of foreign competition. A further decline in federal aid to cities is a strong prospect. Despite these prospects, such cities have the potential of becoming stronger than before in the opportunities and living benefits they offer. They have human and physical resources that are used far below their capacity. The author proposes recovery compacts between dependent cities on the one hand and the federal government and the relevant state governments on the other whereby in return for a commitment by a city to pursue agreed recovery goals, the federal and state governments, acting jointly, would agree to assist it to become independent of a need for external aid. The article discusses essential elements of such compacts with reference to successful precedents.

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A metaphor borrowed from geology describes the predicament of many, if not most, of the older industrial cities in the United States. They sit on economic fault lines created by the emergence of a world economy in which many of our industries compete poorly.

Fault lines corresponding to particular industries may be traced on a map by cities whose customary economic base has been fractured by imports displacing goods made in those cities. A footwear fault line has brought tremors to small shoe-manufacturing cities along the Kennebec River of central Maine. Others correspond to production centers of the textile and apparel industries.

None, however, is so great in portent as the steel-auto fault line, whose sector of greatest tremors reaches from Gary, Indiana, through Detroit, Cleveland, and Pittsburgh to Bethlehem, Pennsylvania. For most of this century the manufacture of steel, automobiles, and machine tools was the backbone of our economy and the creator of great cities. Now these once-proud pace-setting industries have lost a fifth to a third of their home markets, and in foreign markets their products, if still sold, are made in foreign factories.

The steel-auto fault line is international It reemerges in the British West Midlands, where its consequences are even more acutely felt, and extends through Belgium and northern France into Germany. There, no less than here, the exports of Japan, South Korea, Brazil, and still newer manufacturing nations bring lower prices to consumers and mounting unemployment to older industrial cities.

The phenomenon is not wholly new. Six decades ago New England mill towns such as Lowell and Lawrence suffered a devastating blow when textile manufacturers relocated in the Carolinas to avail themselves of lower wages and proximity to cotton supplies. But the magnitude of the shift to new production centers is now greater and the cities that are injured are more numerous.

The economic fault lines will not disappear soon. Although more temporary restrictions on imports may be expected from time to time, it is unlikely that there will be a reversal of the freer trade policy that was initiated in 1947 with the creation of the multinational General Agreement on Tariffs and Trade and that has prevailed during eight presidencies and 20 congresses.

The heavy-metal industries will surely continue, though as a less prominent part of the national economy. The recovery of a manufacturer hurt by foreign competition, however, seldom brings a comparable recovery to the host city On the contrary, a key element in the company's recovery is usually a reduction in its labor costs, which it achieves by replacing employees with improved machinery or by moving to another place. The city is left with more people out of work, a shrinkage of opportunities, and a smaller tax base.

A HALF CENTURY OF JOLTS TO INDUSTRIAL CITIES

Industrial cities were never lovely gardens. Factories belched black smoke and often spread offensive odors. Many homes were jerry-built, cramped, and unsanitary. Living conditions were often squalid.

A permanent poverty was taken for granted. An urban archeologist, roaming the blocks of housing built for the thousands who flocked to Detroit early in the century, may rightly infer from the absence of driveways that the devel-

opers did not expect a worker who built automobiles to earn enough to afford one. Yet, despite the mantle of poverty that enveloped the beginning of the older industrial cities, they provided opportunities where new arrivals, whatever the language they spoke, could and did begin to realize what we then called the American dream.

Then, starting just over a half century ago, came a string of jolts from outside events. Three of them inspired programs of federal aid to cushion their effects. A fourth has not, and therein lies a message to those who would shape urban policy for the future.

The first jolt was the Great Depression, which rendered a quarter of the work force jobless. The Roosevelt administration created programs that were then called work relief and today would be called workfare. As a result, many cities gained physical improvements. New York City increased the number of its parks and playgrounds from 119 to 777.

As unemployment faded in the manpower demands of World War II, a surge of rural folk working in war industries caused a second jolt to some cities. To help house the new residents, thousands of single-family homes were divided into two or more apartments, abruptly changing the character of neighborhoods. Overcrowding precipitated the landmark Housing Act of 1949, which sought to correct an inheritance of poverty with subsidized housing and urban renewal.

The pressure of swollen city populations, combined with a rising prosperity and mechanization of agriculture, triggered a third jolt: two huge migrations, one from farm to city and the other from city to suburb. Incomes earned in the city made the migration to the suburbs the larger of the two, with the consequence that the more severely shaken cities lost a third to a half of the population they had in 1950.

In response to the new dislocations and persisting old faults, the Department of Housing and Urban Development and the Department of Transportation originated and marketed a multitude of special-purpose programs. They made the Johnson and Nixon years the supply-side era of federal aid.

Though lightly felt in some cities, the jolts shook the older industrial cities severely. Then to these cities that had not yet recovered from the earlier jolts and the stigmata of their origin came the jolt from international competition—the one that caused the economic fault lines.

Aid programs to cushion its effect are not in prospect. While the present philosophy of aid prevails, such aid as the fault-line cities may expect seems likely to be limited to existing programs that are not well designed to help create the new economic base they need.

THE POOR PROSPECTS OF FEDERAL AID

Several sets of circumstances now work against the acceptance of new programs or a return of federal aid to earlier levels:

1. Aid programs lost support because they seem to have no end. A broad spectrum of the public—probably a large majority—is unwilling to grant cities a status of permanent dependency. Aid to assist recovery is one thing, but the idea of permanent dependency conflicts with the image of a resilient and hardy America.

2. A sense of urban crisis faded when many cities fared well economically during the past decade. Some have a good fiscal condition and relatively low

unemployment. Downtown areas have been redeveloped even in many of the fault-line cities.

3. Contrarily, the lack of improvement in inner cities also weakens support. Critics cite the lack as evidence that the aid programs work poorly and should be replaced. Although this opinion is strongly contested, it is held widely enough to have political effect.

4. The political influence of cities is shrinking because most still lose population. In the future, cities will have fewer defenders in the Congress and state legislatures. The fault-line cities, losing people at a faster rate, will have even less influence.

A NEED FOR FRESH THINKING

Given a prospect of further damage to the economic base of our older industrial cities, coupled with a major and probably permanent decline in federal aid, many respected urban experts take a pessimistic view of the future of such cities. The conclusion presented in this article, however, is one of hope.

In an earlier day it was commonly said that life's trials and tribulations were the experiences from which individual character was formed. The observation may also be applied to institutions, even institutions as complex as cities. The trials and tribulations of cities resting on economic fault lines are indeed severe, but there are good reasons to believe that from them can come recovered cities that will be stronger than before in the opportunities and living environment they offer. This conclusion, it must be emphasized, is not a forecast of what will happen. It is, rather, a stated conviction of what can happen.

Our thinking about cities has become trapped in a narrow canyon whose walls bar any prospect except a permanent dependency of cities. The shrinkage of federal aid now impels us to lift our thinking out of the canyon of recent custom. The ideas that will shape future policy should foster recovery instead of surrendering to dependency.

A recovered city will compete with its suburbs as a place to live, provide a hospitality to new investment that will create economic opportunities and jobs, and end its dependency upon external aid.

The ideas essential to recovery include the following:

1. During the time that external aid is still necessary, it must be obtained in ways more acceptable to public opinion than existing federal aid.
2. Full use should be made of a city's underused human and physical resources
3. Undertakings by federal, state, and city governments and private institutions should be concerted in a central instrument that may be described as a recovery compact.

These ideas are examined hereafter.

DEMYSTIFYING THE MAGIC IN "FEDERAL"

When federal aid to cities began in the Great Depression, state governments were weak, private business was struggling to survive, and suburbs had fewer residents than did cities. In these circumstances, the federal government was truly the option of last resort.

In time, states added new services and gained competence, business flourished, and suburbs, gaining population faster than cities were losing it, became the dominant constituency of the federal government. Federal aid in the meantime

ıcquired an aura of being the necessary nstrument for improving the welfare of he nation. While some of the aura has ›een lost in the past decade and a half, ›oth farmers and city dwellers when in rouble still look first to the federal ;overnment for help, as if it possessed a nagical power.

If we look beneath federal aid to :xamine the foundations on which it ests, we find three principal constit-ıencies that provide revenue. They are he populations of rural areas, cities, ınd suburbs.

Suburbs are much the largest source ›f federal revenue. More people live in hem than in cities or rural areas and heir taxable income is higher. Whatever ›art of corporate taxes may be passed ›n to consumers in prices, suburban esidents pay the most.

Not wholly, but in large degree, fed-:ral aid is suburban aid. The federal ;overnment is the surrogate of the sub-ırbs for providing aid to farmers and ·ities. This condition will increase, be-·ause suburbs gain population while ·ities and rural areas continue to lose.

The surrogate takes the tax dollars ›aid by suburban residents of a partic-ılar city and distributes them in small ımounts to every municipality. Several ıgencies filter a small part back to the irst city, but the distribution method ıides it. The real, but unintended, magic ›f federal aid is making suburban appear o be federal.

Federal aid is a clumsy and expensive listribution method that weakens a sense ›f mutuality between cities and their uburbs. Cities can no longer depend on t because it has lost public support. Vhatever its original merits, which were ubstantial, it is an obsolete method to vhich cities cling in the absence of omething better.

RESOURCES THAT CITIES USE POORLY OR NOT AT ALL

Fortunately, every city possesses a deep well of underused resources. They are briefly examined here in seven categories: poorly used land, buildings that no longer serve their original purpose but are convertible to others, capital, idle infrastructure, civic leadership, pride in identity with a community, and the potential laoor of the unemployed.

Poorly used land

Vacant land resulting from population losses is available in many cities for industry, commerce, homes, parks, and other city-strengthening purposes. Some poorly used waterfronts have been converted into what James Rouse, dean of the converters, has aptly called "festive marketplaces." Nonetheless most cities could do much more than they are doing to retrieve poorly used or vacant land.

Convertible buildings

A famous early example is a reminder of what can be accomplished with imagination. After the French Revolution, a royal palace in the heart of Paris known as the Louvre had fallen into disrepair. The artist Robert, distressed by the neglect, appealed to public opinion by painting two pictures. One showed the great hall of the Louvre open to the skies, its roof in rubble on the floor and weeds growing from cracks in a wall. The second showed the same wall covered with paintings. Today, Robert's pair of paintings that helped make the Louvre one of the world's great museums hang on that wall.

Our cities have no abandoned royal palaces, but many have structurally sound unused railway stations, ware-

houses, factories, and school buildings that can be converted into shops, offices, and homes.

Capital

Cities are the places where decisions are made that result in the formation of most new capital. In recent years, many of the same cities have been a weaker magnet for American capital at work than Mexico and Brazil and even Poland. City redevelopment should be made attractive enough to be more appealing to lenders than the development of Third World and Communist countries.

Infrastructure

The older industrial cities have installations of water mains, sewers and gas, and electric and telephone lines that are underused. To replicate them in suburbs requires bond issues and utility expenditures that compete for capital needed for industrial modernization. A waste of city resources makes the cost of money dearer to both suburbs and industries on which cities depend.

Civic leadership

A civic leadership is underused that fails to produce inspiring community goals and to nurture and include additional leaders from every neighborhood and every element of community life. Goals serve as a focus of concerted effort. There need to be great goals and little goals—great enough to envisage the city's recovery and small enough to engage the loyalty of youth in the poorest neighborhood. Great goals will be hollow unless filled with many little goals.

Pride in identity with a community

This motivation is latent, even if not readily evident. Its potential may be observed in surges of enthusiasm for a winning football or baseball team. It makes little difference that the players may all be outsiders. It is enough that they wear a uniform identified with the city and above all that they win more often than they lose. It is a function of goals to evoke this underused resource and a function of leadership to establish a practice of winning.

Potential labor of the unemployed

Some observers behold young people adrift in inner cities and with a weary resignation suited to other lands in other centuries see them as a permanent underclass. Yet, young people are naturally buoyant, malleable, eager to achieve, and disposed to emulate. It is a duty of their elders to summon their own underused wits to make it exciting for young people to help rebuild their neighborhoods and their city.

While all who are unemployed are an underused resource, it is drifting youth especially who could be enlisted in cultivation of garden plots on vacant land, home maintenance and repairs, neighborhood beautification, and service to the elderly and the infirm.

THE STRATEGY OF RECOVERY COMPACTS

The strategy for the recovery of cities proposed here applies to all cities that presently need external aid. It would create compacts between dependent cities on the one hand and the federal government and the relevant state government on the other whereby in return

for a commitment by a city to pursue agreed-upon recovery goals, the federal and state governments would agree to assist it for a specified time. Principal features of a recovery compact will now be described.

Federal and state governments would act jointly. Instead of being separate donors to cities, they would combine their aid in an integrated package.

Each compact would be individually negotiated. The city receiving aid would be required (1) to develop a comprehensive set of community goals designed to expedite its recovery and (2) to present realistic plans for their achievement. The terms of the compact would reflect the city's needs, resources, and performance.

The state would require support from suburbs. As a partial alternative to federal aid, the state would create a metropolitan tax district with a levy to be used for the recovery of the city and depressed suburbs. In time, the support from affluent suburbs might replace all federal aid and possibly aid from the state. These decisions, however, should not be made hastily but should be governed by experience. Time is needed for an orderly transition. Because of the federal government's accustomed role, it is probably the only party that can secure the participation of the others. In the early years, the federal government should continue enough aid to give it leverage for creating the conditions for ending all external aid.

Private support should be a part of the city's commitment. In establishing and achieving its recovery goals, the city government should enlist the participation of banks, manufacturing corporations, business associations, labor unions, universities, foundations, civic bodies, the media, and neighborhood organizations. The private support should generate opportunities, increase enduring jobs, improve housing, and revitalize neighborhoods. A high level of private support should result in more, not less, federal and state aid—perhaps according to a schedule of bonus points.

The reduction of poverty should be a major goal. By making the city more hospitable to job-creating investment, much can be done to enable some city residents to escape from poverty. Opportunities alone, however, are not enough. The culture of poverty—the customs and attitudes that help to maintain poverty—must be overcome.

The compact should give major attention to enlarging the horizons, opportunities, and civic responsibilities of youth, especially the youth most affected by the culture of poverty.

As a substitute for welfare payments, work should be required from able-bodied persons, and the labor resource thereby made available to the city should be used to make inner-city neighborhoods a more attractive environment.

At the neighborhood level, unemployed youth should be instilled with the work ethic, self-reliance, group cooperation, civic responsibility, and entrepreneurial initiative through involvement in paid activities that would improve the neighborhood and provide services to residents in need. Private employers should be induced to offer enduring jobs to young people who excel in such activities.

Schools, churches, ethnic and neighborhood groups, and specially created youth organizations should be enlisted to combat teenage pregnancies and to cultivate aspirations for a normal family life.

Obviously, these things will not come easily. But is overcoming the culture of poverty less attainable than the huge

progress that has been made in overcoming an entrenched pattern of racial discrimination? Surely it is not.

An opportunity to lead a second great achievement—to lead many young people out of the culture of poverty—awaits a new generation of black leaders who entered doors opened by those who are now justly honored for causing the nation to repudiate the scandal of racial discrimination. The culture of poverty, of course, is not confined to blacks, but it affects them disproportionately.

Recovery compacts should have a fixed duration. Four or five years is long enough to achieve an initial set of goals and to learn what should be incorporated in a renewed compact, where a renewed compact is needed.

Federal aid should end for cities that do not need it. Not all cities would be eligible for recovery compacts. The mayor of Columbus, Ohio, has stated that his city no longer needs federal aid. Probably as many as 50 small and medium-sized cities could now dispense with it without hardship. They are to be found among state capitals, resort cities, university cities, and some newer industrial cities and should become the first set of graduates from federal aid.

PRECEDENTS THAT HOLD PROMISE

Two examples of successful recovery compacts in other fields illustrate certain principles that would apply also to recovery compacts for cities. One was the recent recovery of the Chrysler Corporation from impending bankruptcy. The other was the Marshall Plan. They won public support because they were seen to incorporate two appealing principles. One was a concert of responsibilities by all interested parties. The other was the use of temporary aid to make future aid unnecessary.

The Chrysler compact was a federal government guaranty of payment of the company's debts in return for concerted commitments by private beneficiaries—management, stockholders, employees, suppliers, dealers, and lenders—sufficient to permit the company's recovery from impending bankruptcy.

The Marshall Plan was a set of recovery compacts between the United States and 16 European nations. As a condition for American aid, the recipients were required to enlist both governments and private institutions in achieving recovery goals. As in the later Chrysler case, the results exceeded expectations. The United States had expected to contribute $17 billion. Prudent management held the amount to $13 billion, a 23 percent underrun.

In a similar manner, city recovery compacts would express a concert of responsibilities by the federal government, a state government—in some cases perhaps more than one—the city, its suburbs, and a broad spectrum of private institutions. The major task of the federal government will be to establish a new framework for its aid. It could do so through legislation providing that after a certain date federal aid would be available only through recovery compacts. The major task of the state will be to enact legislation creating metropolitan tax districts and to establish a tax devoted to city recovery.

Cities will need to persuade people who do not live in cities that they have a greater ambition than permanent dependency. Appeals for sympathy have become weak reeds. To rally public support, dependent cities will need to earn the admiration that people give to an underdog valiantly overcoming its disadvantages.

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Civic Renewal: The City on a Hill Revisited

By R SCOTT FOSLER

ABSTRACT: The current shift from public to private, and from national to state-local initiative, is the latest in several such swings of the pendulum that can be traced through 350 years of American civic history. Those fluctuations have been sustainable in part because they were guided by important civic values, including a widely shared faith in progress and sense of responsibility. The dilution of those common values and the failure to replace them or to give them contemporary meaning have created a brittleness in the modern texture of community. A potential source of civic renewal lies in the experimentation by states and local communities seeking to improve public services, build consensus, and strengthen regional and local economies. Those efforts are likely to be most successful that supplement the rational techniques of conventional civic reform with a recognition of the importance of personal character and the spiritual dimension in civic life.

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DURING the 1984 presidential campaign both Republican Ronald Reagan and Democrat Walter Mondale compared America to a "city on a hill," a metaphor first used in 1630 by John Winthrop, the Puritan leader of the Massachusetts colony. Both major candidates for the American presidency thus claimed a civic legacy and vision of community that reached back some 350 years, confirming Alexis de Tocqueville's prophecy in 1837 that the "destiny of America was embodied in the first Puritan who landed on these shores."[1]

The two candidates interpreted Winthrop's vision from different perspectives. Ronald Reagan emphasized the importance of individual responsibility and initiative in a multitude of smaller communities throughout the nation. Walter Mondale emphasized the collective responsibility of the national community for the well-being of each individual. The outcome of the election suggests that President Reagan's interpretation better defined the concerns of most Americans in the mid-1980s.

The values embodied in John Winthrop's vision of a city on a hill have been revered by every generation of Americans, but in each period of our civic history they have been interpreted differently. In part, the difference in interpretation has reflected temporary adjustments, as the excesses of one period have given rise to tempering counterforces in the next. This is especially true as the nation has swung between alternating periods of extreme national and local, or public and private, emphasis. Simultaneous with these self-correcting pulsations, however, have been reinforcing trends that have more fundamentally changed the civic equation

COLONIAL VISION

The 700 colonists who set sail for the New World in 1630 were a diverse group for that era. They represented different religious sects, mostly but not all Puritan; a variety of geographical areas—19 English counties, London, and Holland, and various class backgrounds and occupations—artisans, tradesmen, yeomen, laborers, and servants. John Winthrop's task was no less than to bind this diverse group together so that it could survive in a hostile wilderness cut off from civilization. While still sailing off the coast of Massachusetts, he composed a sermon that defined their common purpose.

Winthrop envisioned a community that tied these pluralistic interests together in an almost literally organic relationship. He described "our Community as members of the same body . . . knitt together by [a] bond of love . . . as the sinewes and other ligaments of a naturall body" are united in common purpose. It was an accepted practice among English Puritans and Scots Presbyterians intending to create a new congregation to form a covenant where each member pledged personal loyalty to the congregation and promised to live in love and charity with the others. Winthrop applied this same idea to a secular, as well as religious, community, with "a due form of government both civill and ecclisiasticall."[2]

Despite the Puritans' dour outlook on the prospects of mankind, Winthrop held open the promise of progress, sug-

1 Alexis de Tocqueville, *Democracy in America*, Henry Reeve text, rev Francis Bowen, ed Phillips Bradley (New York: Knopf, 1963), 1:290

2 John Winthrop, "A Modell of Christian Charity, 1630," ed. Lawrence W. Towner, in *An American Primer*, by Daniel J. Boorstin (Chicago. University of Chicago Press, 1966), 1:8-25.

gesting that things could change for the better. Conditions were not fixed in eternally repetitive cycles, nor did they have to deteriorate, as the colonists' experience and medieval heritage suggested. For Winthrop, the purpose of change was spiritual: "the end is to improve our lives to doe more service to the Lord."

He recognized that the Massachusetts colony was an experiment. Survival in a hostile environment cut off from civilization would require innovation and adaptation. With change came the possibility of both success and failure.

Winthrop was supremely conscious of the responsibility he and his colleagues had not only to themselves and to God, but also to mankind, to succeed in this venture. They knew they would be watched by the world, fully exposed: "we must consider that wee shall be as a Citty vpon a Hill, the Eies of all people are vppon vs."[3]

These values were interdependent and mutually reinforcing. The vision of an organic community was rooted in a belief in progress and a sense of responsibility that had both practical and spiritual dimensions. Experimentation was the means for fulfilling the vision.

By today's standards, the Massachusetts colony was a restrictive and rigid society. But the new continent afforded plenty of room for dissenters from the Puritan orthodoxy. The Pilgrims of Plymouth, a pietist line of the Reformation, had arrived ten years earlier and coexisted with the Puritans. A splinter colony called Providence--subsequently Rhode Island—was established by the Puritan outcast Roger Williams and became a refuge for religious diversity. As the Massachusetts colony expanded into the western frontier, church membership and hence citizenship were extended to all who were baptized, and a more personal and emotional evangelistic style of religion developed. Even in the original Massachusetts colony, the old orthodoxy slowly gave way as the colonists turned their attention to material pursuits.

By the time of the American Revolution, nearly three-quarters of the population in the 13 colonies had been reared in families with a strong Puritan tradition,[4] but that tradition was now far more spiritually diverse, expanded by the presence of numerous Protestant denominations and the Catholic and Jewish faiths and tempered by the secular concerns of economics, politics, and local geography.

NATIONAL INDEPENDENCE

The Revolution that brought the 13 colonies together was led by the gentry of each colony, supported by a broader class of artisans, small farmers, and laborers. Its success expanded the bounds of community from the towns, rural hinterlands, and colonies to a new nation, a wrenching change that barely survived the parochial interests of the individual states.

The ruling gentry, whose interests remained tied closely to their respective states, found common ground in their explicit commitment to the preservation of independence and republican government and in their implicit reliance on

3. The reference was taken by Winthrop from the Book of Matthew, 5:14 "You are like light for the whole world A city built on a hill cannot be hid."

4 A. James Reichley, *Religion in American Public Life* (Washington, DC: Brookings Institution, 1985), citing Sidney E Ahlstrom, *A Religious History of the American People* (New York Doubleday, 1975), 1:169.

leadership through character. Because there was no national society, the founders relied heavily on government as the basis of collective strength.

Progress was viewed increasingly on a national and continental scale in the promise of material and political achievement. As one veteran of the Revolutionary War expressed it, "Every door is now open to the sons of Genius and Science to enquire after Truth. Hence, we may expect the darkening clouds of error will vanish fast before the light of reason."[5]

Americans continued to feel a sense of responsibility to a higher calling, a calling increasingly secular but still firmly rooted in the belief that America was blessed by Providence and that Americans were the chosen people of God. The founders varied widely in their religious beliefs, but virtually all agreed that religion was essential to the stability and harmony of democratic society.

Experimentation with civic institutions reached the state of high art, drawing heavily on the political theory of the European Enlightenment. The key assumption underlying these institutions was that man's basic nature was to pursue his passions without consideration for the interest of others, and therefore ambition had to be countered by ambition, in a series of checks and balances. The role of politics was not to determine the ends of life, but to provide a social order in which the pursuit of personal interest would contribute to the broader community interest. The pursuit of happiness that Jefferson held to be an inalienable right would thus be a felicitous combination of private and public interests reinforcing one another. Public happiness and private happiness would develop hand in hand.

5. Letter from Thomas Rodney to Thomas Jefferson, Sept 1750, in *The Papers of Thomas Jefferson*, ed Julian P Boyd et al. (Princeton. Princeton University Press, 1971), 18:548, as cited in Robert H Wieble, *The Opening of American Society* (New York Knopf, 1984), p. 4

DEMOCRATIC EXPANSION

In the early nineteenth century, the United States exploded with the combined propulsive forces of continental expansion and industrial revolution. The hierarchical political and social order that the gentry sought to establish on a national basis could not withstand the centrifugal strain of these forces. While the myths and symbols of the Revolution remained prominent in civic life, the new federal government, even under the Constitution, failed to establish a strong political authority. Power shifted back to the states, towns, and proliferating local communities of the expanding frontier. The difference between Federalists and Republicans became less important than the formation of political alliances that could promote the economic interests of individual states and cities.

Whereas the eighteenth-century gentry had seen progress as slow, incremental, and proceeding according to their own self-conscious creation, Americans of the early nineteenth century began to sense that while progress in general was certain, it was something beyond their control. They had to adjust to it as much as create it. As Horace Mann explained,

> All the resistless forces of Nature become our auxiliaries and cheer us on to certain prosperity and triumph; but, if we act in contravention or defiance of these laws, then Nature resists, thwarts, baffles us; and, in the end, it is just as certain that she will overwhelm us with ruin.[6]

6. Wieble, *Opening of American Society*, p. 256.

To meet this challenge and the bewildering array of choices, American families instilled in their children a set of absolute values that combined religion with secular enterprise. In a democratic society of equal opportunity and inevitable progress, the success or failure of the individual was his or her own responsibility. And what was true for the individual was true for the community, state, region, and nation: each bore responsibility for harnessing the forces of progress to its own purposes.

The pursuit of happiness that Jefferson had seen as a felicitous ordering of the whole became a race by people and places to satisfy their own needs and desires. Community leaders could feel in harmony with the nation no matter the course they took, for there was no clear national purpose save the pursuit of individual and local interests.

RECONSOLIDATED NATIONHOOD

By the 1850s, the forces of expansion threatened the tentative ties of nationhood. Both the northern and southern states saw their futures being determined by the question of whether the western territories would be free or slave and hence whether their progress would continue or cease.

During the Civil War, Abraham Lincoln drew upon every last trace of national community to save the Union, including religion, the "mystic chords of memory," and the original principles of national purpose that strove to constrain self-interest and narrow regional concerns.

The defeat of the South and the abolition of slavery eliminated the most serious threat to national unity. The war effort also produced new national institutions such as a large conscript army and a railroad system that reinforced the legitimacy of nationhood and the strength of the federal government. But with the war over, the pursuit of private and local interests resumed in the direction toward which it had been tending for half a century.

INDUSTRIAL URBANIZATION

In the latter part of the nineteenth century, the twin forces of urbanization and industrialization transformed America yet again. Between 1800 and 1825, the proportion of Americans living in cities with populations over 100,000 increased only slightly from about 6 to 9 percent. Then it shot up to 18 percent in 1850, soared to 28 percent in 1875 and 40 percent in 1900, and continued rising. The pace of industrialization lagged in comparison. From the 1790s to the 1850s more than three times as many workers leaving the farm went into commercial as into manufacturing jobs, and as late as 1875 the average size of manufacturing and mining establishments was eight employees.[7] The surge in manufacturing growth after the Civil War, coupled with the urban migration, produced the industrial cities that restructured the American economy and reshaped American political culture.

By the latter part of the nineteenth century, giant corporations were consolidating enormous economic power, and America's cities were becoming unmanageable under the strain of growth, demographic diversity, and outmoded institutions. In 1835, Chancellor James Kent, a voice of the native aristocracy in New York City, had portrayed the office of assistant alderman as "pleasant and desirable for people of leisure, of intelligence, and of disinterested zeal for the wise and just regulation of the public

7. Ibid., p. 264

concern of the city." Within a mere three decades, Tammany Hall's Boss Tweed himself characterized the incumbents in the same office as "The Forty Thieves."[8] One observer described the emerging industrial city in terms that sound familiar to us, but at the time reflected a wrenching change from more human and cohesive places.

> The neighborhood, the natural primary unit of local organization, is weakened, and in many cases nearly destroyed. Home life is little more than a name, whereas a hundred people, often of different nationalities, live in a single tenement house . . . . Among the business and professional classes, a man's most intimate associates may be scattered over the whole city. While he scarcely knows his next door neighbor's name . . . there is an . . . organization of industry on so large a scale that, in cities, only an insignificant proportion of the people work for themselves.[9]

In 1893 James Lord Bryce issued his famous indictment of urban corruption and chaos, charging that "the government of cities led to the one conspicuous failure in the United States." The unfettered pursuit of private and local interests once again threatened community disintegration.[10]

NATIONAL PROGRESSIVISM

Reaction to these forces came from both the countryside and the cities. The populists were comprised largely of farmers and small-town residents who feared that the big cities and corporations would destroy their material prosperity and moral traditions. The progressives came largely from the growing urban middle class, which saw its professions, businesses, and traditions threatened by political bosses and rapacious businesses that caused or failed to contain the chaos of the cities. The original populist base faded with rural America, although its legacy has since been claimed by both major political parties. But the progressives gained strength as urban America grew.

In 1894, a group of progressive reformers from America's large cities convened a conference in Philadelphia to determine "the best means for stimulating and increasing the rapidly growing demand for honest and intelligent government in American cities." They created the National Municipal League, which continues to this day as the Citizens Forum on Self-Government.[11] The reformers hoped that by joining forces they would

> accomplish much in arousing public interest, in raising popular standards of political morality, and in securing for the advocates of Municipal Reform that feeling of brotherhood and cooperation and that unity of actions and methods, which will multiply their strength and enthusiasm, and inspire the people with hope and confidence essential to final success.[12]

8. Daniel J. Boorstin, *The Americans: The Democratic Experience* (New York: Vintage Books, 1973), pp. 258-59.

9. Delos F. Wilcox, *The American City: A Problem in Democracy* (New York: Macmillan, 1904).

10. Many observers felt that corruption and administrative incompetence was a consequence of retaining early nineteenth-century governmental machinery that was ill-suited to the large and complex industrial cities that had developed by the late nineteenth century. William Bennett Munroe, *The Government of American Cities* (New York: Macmillan, 1926), p. 13.

11. The initiative for the creation of the National Municipal League came in part from the American Academy of Political and Social Science—publisher of *The Annals*—which was established in Philadelphia in 1889 for the purpose of bringing the knowledge of scholars to bear on the problems of society.

12. *Toward 1994: Resurgence of Civic Dynamics*, Executive Director's Report to the Citizens Forum on Self Government (New York: National Municipal League, 1984), p. 1.

The moral indignation felt by the reformers was also clear in their rhetorical calls "to the defense of free institutions," the "vindication of public virtue and popular rights," and "conscience and duty in public life against the insidious assaults of lawless wealth and popular anarchy."[13]

One of their own, Theodore Roosevelt, admonished the conferees to be realistic in their approach: "I don't have to tell you to be upright, but I do think I have to tell you to be practical and efficient." "In the end," Roosevelt warned, "the work [of reform] has to be done by actual, hard, stubborn, long continued service in the field of practical politics itself."[14]

As their name proclaimed, the progressives had faith in progress. Progress at the turn of the century meant technological marvels that seemed to herald a new dawning for mankind: electricity, telecommunications, steel structures, the automobile, and air travel. But whereas Americans in the early part of the nineteenth century saw general progress as inevitable and sought only to catch a handle on it for their own personal ends, the progressives recognized that progress for a community was no more inevitable than the progress of an individual. To the contrary, the forces of change unleashed in the world could as easily lead to chaos and degeneration: city slums, polluted water, unreliable utilities, and social disorder. The threat of such developments was underscored by new theories, especially those by Darwin, Marx, and Freud, that portrayed man as the plaything of powerful forces over which he had little or no control.

The progressives advocated rationally constituted mechanisms by which government could be used as a tool of collective action to regain control over the forces of rampant private self-interest. They believed that city government could be run in a businesslike way by creating elected bodies that would operate like boards of directors, hiring professional city managers, replacing the spoils system with a merit civil service, and applying scientific principles of management to achieve efficient, nonpolitical administration in the cities.

The progressive urban and economic reform efforts expanded steadily toward the national level. A speech by Theodore Roosevelt in 1910, one year after he had left the presidency, summarized the progressive agenda that was carried out over the subsequent half century. Roosevelt had become "impatient at the utter confusion that results from local legislatures attempting to treat national issues as local issues." "The betterment which we seek must be accomplished," he believed, "mainly through the National Government." In particular, "this New Nationalism regards the executive power as the steward of the public welfare." Roosevelt challenged "the citizens of the United States [to] effectively control the mighty commercial forces which they have themselves called into being." He pointedly called for "a policy of a far more active governmental interference with social and economic conditions in this country." He argued that "every man holds his property subject to the general right of the community to regulate its use to whatever degree the public welfare may require it." There should be a "graduated income tax," "a graduated inheritance tax," and "conservation of natural resources." The government also had "the right to regulate the terms and conditions of labor," including requiring "comprehensive workmen's compensation . . . better sanitary conditions . . .

13. Ibid., p. 4.
14. Ibid., pp. 2-4.

and the use of safety appliances."[15]

In 1912, Roosevelt and the progressive wing of the Republican Party challenged President Taft and the conservative old guard for the party's nomination. Rebuffed, Roosevelt ran as the nominee of the national Progressive Party, splitting the Republicans and facilitating the victory of Woodrow Wilson. Wilson thereupon picked up the progressive mantle, shifting the political momentum to the Democratic Party, where it resided, except during the 1920s, for the next half century.

The equation of community thus shifted once again, from an individual to a collective emphasis and from a local to a national emphasis. Government was the chosen instrument of collective action, and the federal government—in particular, the president—was the chosen instrument of national action. The New Deal, World War II, and the postwar expansion of federal programs extended and reinforced the momentum toward strong government and national action that began with the progressives.

MECHANICAL PLURALISM

By the 1960s, the steady growth of government and federal power had begun to provoke a politically telling reaction from diverse sources. The political message of Alabama Governor George Wallace, originally dismissed by many as regional and racially based, was found to have substantial appeal outside the South, especially among ethnic groups in northern cities, in its attack on federal intrusiveness. The student movement protesting the Vietnam war reflected both opposition to American foreign policy and the impersonalization of a government-centered society. Black leaders fought for political control in their local communities as well as for civil rights at the national level.

By the 1970s, antigovernment and anti-Washington rhetoric had become fashionable in both major political parties. The success of Proposition 13 in California in 1978 reflected widespread and long-simmering dissatisfaction with government. Georgia Governor Jimmy Carter won the Democratic nomination and the presidency by campaigning as a Washington outsider who would tame the federal government and return power to the state and local level, which he knew from firsthand experience. Another governor, Ronald Reagan, won the Republican nomination and the presidency using similar themes. Changes under both the Carter and Reagan administrations have shifted the burden of and initiative for addressing domestic issues from the public to the private sector and from the federal government to the states and localities.

The swing toward private and local action is a predictable reaction to the excesses of government and national action that grew out of the initiatives of the progressive era. Not only can the root of that reaction be traced, but it conforms to the historical pattern. The progressives, after all, had reacted to the excesses of private and local action characteristic of their era, just as in each preceding period there were reactions to previous excesses.

But there is more at work here than simply a historical pattern of alternating shifts between public and private, and national and local, initiative. To begin, the geographical configurations of local communities are now different from the nostalgic myth of small-town America, or even of neatly defined cities sur-

15. Theodore Roosevelt, "The New Nationalism" (Speech delivered in Osawatomie, KS, 1910).

:ounded by a bucolic countryside. The urban agglomerations in which 70 percent of the population now lives encompass a geographical expanse, a degree of human interaction, and a social complexity that is unprecedented. Sociologist Kingsley Davis once observed that "they suggest the behavior of communal insects rather than of mammals."[16]

Community, moreover, increasingly is defined in nongeographical terms, such as employment, profession, avocation, or political interest. There is a business community, a black community, a mental health community, a civic community, and so on. Many have organized to expand their influence or to remain competitive with those that have organized. Such special interests do not neatly divide the population. A single individual may have many interests, each of which might be represented by an active organization.

Fragmentation has always been a price considered worth paying for American pluralism, but today, as John Gardner points out, it has found new fuel "in the obsessive specialization of modern life, in the multiple, interlocking systems through which we conduct our affairs, and in the skill with which groups in the society organize to advance their concerns."[17] It has produced a pluralism that is almost mechanical in its habitual and narrow calculation of self-interest. This contrasts sharply with the organic pluralism of John Winthrop's vision, which assumed a deeper emotional bond between personal and communal purposes. In the organic relationship, citizens are imbued with a sense of citizenship or responsibility that moderates their self-interested passions and inclines them habitually to embrace the common purpose as their own. In the mechanical relationship, on the other hand, players or actors must be shown the bottom line that demonstrates a direct link between actions they take to advance the common purpose and the resulting benefit to themselves in particular.

Whether or not one laments the loss of the spiritually based organic sense of a purposeful community, its absence complicates the practical task of achieving the cooperation required by complex interdependence. The local civic agenda in recent years has addressed just this task. At first it was preoccupied with improving public services, such as transportation, waste management, education, and public safety, that are essential to the functioning of the mammoth urban agglomerations. When efforts to establish more rational structures, such as metropolitan government, failed, attention turned to improving the internal efficiency or productivity of existing government agencies. It soon became apparent, however, that such public services were not provided just by government agencies, but through a complex web of public and private actors. Furthermore, the question of how and for whom to provide services involved basic political issues over which the multitude of interest groups disagreed. Consequently, a second wave of reform efforts addressed the question of how to reconcile diverse interests. Such efforts have focused on consensus building, collaboration, communication, partnership, negotiation, mediation, conflict resolution, and leadership attuned to diversity and interdependence.

16. Kingsley Davis, "The Urbanization of the Human Population," in *Cities* (New York: Knopf, 1967), p. 4

17. John W. Gardner, *The Tasks of Leadership* (Washington, DC: Independent Sector, 1986), p. 16.

A third wave of efforts has been prompted by growing economic competitiveness. The older industrial cities have struggled against the forces of economic decline for several decades, but the increasingly competitive world economy has heightened the sense of vulnerability in the more economically robust regions as well. The economic concern has had the effect not only of redirecting the civic agenda toward economic issues, but of fostering a somewhat stronger sense of geographic identity and the need for collective strategy. Formerly adversarial groups are more inclined to pull together in support of entrepreneurial pursuits to enhance their communal self-sufficiency. A similar set of concerns began to develop at the state level in the late 1970s.

THE MISSING CIVIC LINKS

Americans today, in short, are experimenting with new civic structures and processes as energetically as ever they have in their history. Most of the experimentation is designed to maintain essential public services and basic economic infrastructure. It relies heavily on rational, analytical, and pragmatic concepts and techniques. Such approaches may be successful when the issues and interests can be clearly defined. For example, it was possible to convince the numerous jurisdictions in the Washington, D.C., metropolitan area that by linking their water supply systems only one new reservoir would be required to meet future needs rather than the six new reservoirs projected under then-existing fragmented operations. But some problems are of such complexity as to exceed the capacity of the most skillful analytic approaches. Can a system of laws, inspections, disposal operations, and sanctions, for example, succeed in stopping harmful waste-disposal practices by households and businesses, or can unsafe waste dumping only be inhibited by an ethic that says it is wrong?

The organic community of John Winthrop's vision did not suddenly vanish in our own time. It was, in the first place, a vision, not a reality. Moreover, even the vision began to erode as soon as the Massachusetts colonists finished listening to Winthrop's sermon and disembarked on the shores of a virgin wilderness. Their new environment demanded a more pragmatic response to practical challenges and permitted a more visceral embrace of worldly opportunities. Still, the religious bonds that helped to hold the colony together and define its purpose provided a stock of spiritual capital that permitted experimentation with new political and economic forms.

By the time of the Revolution, America's spiritual capital had been reconstituted among the nation's leaders as character, nurtured more by reason than religion. By the end of the nineteenth century, Theodore Roosevelt was warning his fellow urban reformers that their nostalgic pleadings to restore character and good citizenship were no substitute for practical government action and hard-nosed politics in dealing with the unprincipled pursuit of private interest at bay in the cities. By the late 1960s, civic responsibility and citizenship had become clichés, nearly devoid of the spiritual base, emotional bonds, or nurtured habit of mind that makes the desire to serve the community more than an explicit calculation of self-interest.

The causes of this erosion are not simply explained, but they certainly derive in part from the mismatch between traditional civic institutions and the practical needs of contemporary life.

That gap is not likely to be bridged by the application of rational technique alone. It will require among other things a deeper understanding of how personal needs and actions are linked to behavior that has public consequences.

James Q. Wilson has observed that "in almost every area of important public concern, we are seeking to induce persons to act virtuously, whether as schoolchildren, applicants for public assistance, would-be lawbreakers, or voters and public officials." He defines public virtue as "habits of moderate action; more specifically, acting with due restraint on one's impulses, due regard for the rights of others, and reasonable concern for distant consequences."[18] This is a formidable challenge, indeed: to encourage people to restrain personal impulses in an age that glorifies the pursuit of individual interest; to exercise regard for the rights of others when the realm of personal rights encompasses every personal impulse; to be concerned about distant consequences in a complex world where causal relationships are obscure and the future uncertain.

The challenge is all the more difficult when so many people seem to have lost faith in a value so basic to American civic institutions as the idea of progress. Robert Nesbit finds that the twentieth century "especially in its second half is almost barren of faith in progress" in the Western democracies.[19] In America that faith has been shaken by the economic, political, and international turbulence of the past twenty years. The economic recovery of the mid-1980s has helped restore confidence in the material potential of the United States. Yet undercurrents of doubt persist as foreign competition grows stronger. Moreover, important segments of the population—the unemployed, the underemployed, the disadvantaged—question whether they will share in progress, even if it occurs for the nation as a whole.

Part of the problem lies in the very definition of progress, which over the course of 350 years has almost completely lost its spiritual dimension. Nesbit concludes that "if there is one generalization that can be made confidently about the history of the idea of progress, it is that throughout its history the idea has been closely linked with, has depended upon, religion or upon intellectual constructs derived from religion." Yet he finds that just as our era is "almost barren of faith in progress, so it is almost barren of widespread and life-permeating religious faith."[20]

To be sure, an irrepressible American optimism is apparent in the United States of the 1980s. In addition, a parade of successful ventures at the state and local levels gives assurance that the energy and imagination of civic experimentation is very much alive. But such efforts are strained by the depletion of values that historically have formed the basis of citizenship.

18. James Q Wilson, "The Rediscovery of Character. Private Virtue and Public Interest," *The Public Interest*, no. 81, pp 3-16 (Fall 1985)

19 Robert Nesbit, *History of the Idea of Progress* (New York Basic Books, 1980), p 353

20 Ibid , pp 352-53.

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QUESTIONS AND ANSWERS

COMMENT (David Schuyler, Franklin and Marshall College, Lancaster, Pennsylvania): I would like to build on a comment by Sheldon Hackney about a

quote from Benjamin Franklin. Since we are sitting in the Franklin Plaza Hotel in Franklin's city and since what we are supposedly fumbling with is something called city culture or civicism, I thought perhaps we ought to ponder some of Franklin's roles and the ways in which he worked. Franklin never defined what he meant by "civicism," but I think what he meant was that a commitment took place in two ways: as a physical space and as a community. In this he seemed to go back to the original distinction between the Latin *urbs*, the physical space, and *civis*, which meant a group of people living together in an enlightened public order. Franklin worked individually; he worked through government; he worked through various private sector means. I do not want to make him an apologist for Reaganomics, but what he was doing in a lot of ways was using whatever resources he had to promote his vision of what Philadelphia could become. His efforts continued after his death, in the form of his estates, to promote civic culture in Boston and Philadelphia.

Q (Jerry Watts, Wesleyan University, Middletown, Connecticut): From what perspective are we looking at some of these problems? Are we merely assuming that, given the absence of federal intervention in many areas, problems can be dealt with via state and local partnerships? Are we too quickly assuming that it is the valid role of cities to assume responsibility for the problems in their midst? It seems that many of the problems are due to nationwide changes, such as the increased importance of the service sector of the economy and the lack of certain upward mobility in large sectors of the American populace.

A (Ahlbrandt): If we are addressing the question of what the appropriate roles for various levels of government are, I would agree strongly that there is a major role for the federal government in dealing with problems such as inadequately housed people and homeless people. In any community that I am familiar with around the United States, we have an unemployed-youth problem that is absolutely horrendous, and we are losing the second generation, or the second decade's worth, of kids and there are going to be no jobs for these kids. Nobody is dealing with that problem. It cannot be adequately dealt with locally. It is a federal problem, and the federal government, quite frankly, does not care about it.

When I was in Washington, I sat in 1981 on a task force that was headed by Assistant Secretary of Labor Angrisani. We were thinking about what kind of a labor market policy the Reagan administration would put together. I was there at the time that they put forth the Job Training Partnership Act, which was subsequently passed. They jettisoned the Comprehensive Employment and Training Act. The primary motivation of the politicians in the Labor Department was to figure out how they could craft a program that would minimize the cost in real resources. They wanted to know how to fabricate something that they could sell to the House and to the Senate that was going to cost the least amount of money.

COMMENT (Fosler): There is no doubt that there is a strong role for the federal government. To some extent the federal government plays a strong role just in its transfer programs. Social Security is one example. The question is just how active the federal government is likely to become in the next few years.

how active it should become in dealing with some of these problems that do seem to be intractable and, in fact, do seem to require a broader geographical look than just the city.

In the late 1970s, we at the Committee for Economic Development were looking at federal urban policy. I became quite skeptical about just how far federal policy could go in dealing with many urban problems. I felt very strongly that, whatever else the federal government did, it was important for local governments and for the local business community to take more of an interest in what could be done locally to address those problems directly. I felt that there were things that could be done. I was struck at the incredible skepticism about that idea. There was a tremendous amount of resistance, and many scholars and practitioners believed that the cities were the mere pawns of macroeconomic influences over which they had absolutely no control.

We studied seven different cities in some detail. We found that not only was there a lot that could be done at the local level, but that there was a tremendous amount that already had been done by cities, even during this period, when public policy was being dominated by the federal government. As the federal government has withdrawn support to local governments—not just under Reagan, but beginning with Carter—and as there has been more of a compulsion and necessity for local communities to look to other resources, suddenly there has been the discovery that there is a tremendous amount that can be done at the local level by both the private and public sectors. I do not know how far local action can go. There is no question that there is a limit to it. Moreover, it does not relieve the federal government or the state governments of their responsibility. As a practical matter, however, for the next few years, given the problem of the federal deficit, there just is not going to be a whole lot of initiative at the federal level. Whatever else happens, it is clear to me that there is going to have to be—and should be—a continued focus on using local resources and, increasingly, state resources more effectively to deal with some of these problems.

Q (Yale Rabin, University of Virginia, Charlottesville): I think there has been a lot of sanguine discussion about the role of public-private partnerships and other measures. I do not wish to understate the potential effectiveness of those kinds of combinations, but no one has attempted to put those combinations in the context of the literal dimensions of the overall problem and the proportion of that problem that could reasonably be addressed by public-private partnerships.

I was very interested in Ralph Widner's typology of the industrial city, particularly his description of those cities that had a rather diverse economy when industry came. These cities appear to be emerging now as the ones with the greatest capability, while those whose very existence was dependent on the industry itself find themselves in a much less capable position. We need to be able to look at those things. If that typology is, in fact, a valid one, we must say—to follow up on Mr. Widner's comment—that cities have to change the way they operate. They have to become more entrepreneurial. They have to learn to function like a business. We have to note that some businesses succeed and a great many fail. What do we do about the ones that fail?

No one has talked about the difficulties of industrial cities beyond the margin that entrepreneurship or public-private partnerships will deal with.

A (Ahlbrandt): Let me offer Braddock as an example. Braddock is a mill town in the Monongahela Valley. It is not quite abandoned; people still do live there. It has a decayed commercial area that has gradually shrunk. It is surrounded by a whole host of other mill towns. Some of these have lost, in absolute terms, 40 to 50 percent of their assessed value in the last five or six years as a result of plant closings. These towns have no comparative advantage. They have deteriorated infrastructures and they are all very small. Allegheny County, of which Braddock is a part, surrounds Pittsburgh. The county has 130 municipalities, which, excluding the city of Pittsburgh, average 8000 people. They are noneconomic from a development standpoint. What remedy is there for these towns? This is a situation for which anybody who is a political science major would suggest some form of political consolidation, tax-base sharing, or service consolidation. Service consolidation is happening. But the real issue is a political one and involves transferring resources to that political unit from outside to do whatever seems to make sense. That transfer will not happen in that part of the state because of the political culture—until there is a severe fiscal crisis. We have had one or two municipalities that have almost gone bankrupt. Some are being fed by state loans, which will never be repaid. There is no political constituency strong enough to force any kind of political consolidation at this point. What is going to happen is that many of these municipalities will eventually be unable to pay for the delivery of needed services.

COMMENT (Ralph Widner): What, in fact, has been happening in Allegheny County is that slowly but surely the services that people expect from government are drifting up to the county level. Slowly the county is assuming the role formerly held by the municipalities. This shift happens so gradually—almost invisibly—that people are not very upset about it. They can accept an existing jurisdiction—rather than the imposition of something new that looks like a new super government—as a solution to the problem. It is a case of our imagination being trapped by lines we have drawn on a map at some other time.

It is extraordinary that, in all the advanced countries in Europe and North America, which have very different policy interventions, the fundamental changes in the industrial city—in terms of diffusion, deconcentration, the obsolescence of multistory factories, the whole change in the manufacturing economy—are the same, regardless of the interventions.

After World War II, the European countries were concerned about so many people flocking to the metropolitan areas, and they embarked on a new-towns program. In the United States we did not really believe in that much intervention, but we were worried about so many people flocking to the metropolitan areas. The literature of the early 1950s shows that we were worried about rural America dying and that everybody was going to move to a relatively few areas along the seaboard and around the Great Lakes. It was not ten years later when everybody was worried about all the people flowing out of the metropolitan areas and emptying out the inner cities. We played around with the new-towns program; essentially the same kinds of patterns emerged in the U.S. program as in the European, regardless

of what the policy interventions were. That similarity tells me that fundamentally we are dealing with changes that were wrought by changes in technologies and markets and that public policy, at least in our kind of system, has very marginal effects.

There is an irony in this. For perfectly legitimate reasons we always want public policy to alter the consequences of something that is happening out on the ground because we do not like its negative consequences. Generally, public policy goes in the opposite direction from actual current trends. That might seem absurd at first, but that is the way a car is driven. The driver is constantly adjusting the car in order to achieve a general trajectory. That is what society is doing, but society takes very short-term views of the problems instead of looking at the long term.

People were criticizing renewal in Pittsburgh, Philadelphia, and Boston because urban renewal left behind so many empty tracts. But now, thirty years later, with hindsight, we can see the economic consequences. We are not a patient people; we want short-term results.

Another point has to do with action that can be taken by the federal and state governments. I was deeply involved in the discussions in the early years of the Reagan administration about who in the federal system should do what. There was an opportunity for a very brief period during the early Reagan years for the federal, state, and local governments to agree on what functions were most appropriately discharged at which level. Essentially, the governors were arguing that the cities and states could not influence the movement of people back and forth across boundaries. They felt that the problems resulting from population movement should be a federal responsibility, just as other large social issues—Medicare and Social Security, for example—should be. Correspondingly, things that are directly related to the geography of a city—sewer systems and other pieces of infrastructure—and that can be very carefully identified with that particular block of territory should be local responsibilities. The state responsibility would cover regional implications of the local responsibilities.

The federal government, somewhat irresponsibly, wanted to dump everything—the social programs as well as the physical programs—back on the states and localities. Even more irresponsible was the position that the mayors took. The mayors did not like the states. They wanted to do without the states if they could. They wanted to go right to the federal government, where they would get a much friendlier hearing. They were unwilling to negotiate moving any of the chips around the board, and the result was a stalemate. We blew a national opportunity at that point, and there is no single level of government that can be blamed for it. They all share in the responsibility.

COMMENT (Rabin): I am in agreement concerning the similarity of the changes that have taken place, but I think there is a difference in the way the consequences have been mitigated in countries in Europe, where social support systems remained more intact than they did here, and I think that that is an important distinction. The role of government should not be underplayed in that regard.

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Institutional Renewal in American Cities

By ROYCE HANSON

ABSTRACT Urban institutions change slowly. Reform responds to crisis. Few cities are institutionally equipped to anticipate change or provide leadership for transition to a new economy. Command and control centers enjoy greater evidence of institutional renewal than subordinate centers. The principal conditions that advance institutional renewal in a city are economic and political autonomy, the presence of catalysts for change, intermediary organizations, and a civic culture that nurtures leadership and change. Any strategy for institutional renewal must recognize the importance of time, the need for an intelligence capacity that can understand urban systems and has the ability to reframe issues, and the value of importing as well as promoting homegrown leaders. The most difficult institutions to renew are those involving the political system. Parties and interest groups are ill-equipped to renew themselves or provide effective leadership in most cities. Broad institutional renewal requires entrepreneurs rather than caretakers. A strong independent sector is a key factor in institutional renewal strategy. Ultimately, institutional renewal concerns the revival of local self-government and the ability of cities to shape their own futures.

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URBAN institutions are tricky. Like all systematic patterns of behavior, they change slowly and thus tend to move behind the wave, rather than in its cusp. Reform follows crisis. Few cities, if any, have successfully established programs of anticipatory renewal. Most do not even have early warning systems.

Whether the problem is political reform or economic and physical revitalization, action seems to be possible only after deterioration has become pronounced. Even then, the remedial and revitalization programs that are established are market followers rather than market leaders. It often seems that the hardest thing to achieve in the urban polity is prophylactic action and transformative leadership in time to facilitate a smooth transition from one state of affairs to another. This is because institutions are, by definition, ways of thinking and acting that are imbedded deeply in the collective experience of those who make them up.

When institutions are geographically based, as many of any city's are, or when they are greatly influenced by factors, forces, and people who either operate from other places or are not place oriented, all of the usual problems of institutional renewal are exacerbated. Nationally organized retailers are far more interested in following their markets than trying to reshape them, so their interest in the economic revitalization of older business districts is proportionate to their level of relative investment and the discounted return on it in the older areas as compared with newer shopping districts. Locally headquartered retailers are often different, maintaining a loyalty to place that may defy short-term realities. When a geographic shift in economic activity occurs in a metropolitan area, the parts of the economic institution that move tend to leave behind a residue of the most conservative elements, whose almost instinctive reaction is to resist change and to try to restore the status quo ante until they are themselves overwhelmed.

Similarly, industrial displacements responsive to international market and technological changes tend to be resisted by local labor organizations primarily because they change institutionalized relationships. Even after this resistance contributes to drastic reductions in industrial employment, there is a considerable period of institutional lag. This lag in behavior customarily takes the form of efforts to prevent change, followed, when that fails, by efforts to find substitute employers of the same sort, accompanied by ameliorative measures to maintain incomes and morale until the old jobs come back.

As reality sets in and as the margin of change accelerates, the hard core of an institution is the part that survives. It frequently is the part that is the most politically intransigent, the least visionary, and the least likely to produce leaders capable of either managing the present crisis or changing the place's long-term strategy.

For many institutions with great influence on the physical form of urban centers and their economic vitality, place simply is not a significant factor. International financial institutions are not overly concerned with where their investments yield the highest returns. Locally restricted financial institutions, of course, are. Thus, macro-policies, such as banking deregulation and branch banking can have a profound effect on regional and urban development by influencing the

flows of capital into and out of urban regions and even among the parts of urban areas.

Other multinational corporate decisions are also made quite independent of local considerations, with a profound effect on urban institutions and their leadership. The branch or division manager of such a corporation, for example, may have played a major role in local economic, political, and cultural institutions. But a decision by the corporate leadership, located far away from the local branch facility, may replace either the local manager or the entire facility, producing at best a temporary leadership vacuum in the local institutions.

Of all urban institutions, the political system is often the last to adjust to change and to do so with the least grace. As the cycle of decline sets in, the common reaction of most political systems is to seek fiscal transfers from the state and federal governments and then to reduce services and the quality of maintenance. The first of these strategies, even in earlier times of expanding intergovernmental aid, rarely provided enough funding to replace the lost local revenues and to maintain or improve the net level of services or development. In recent years, such transfers have annually declined, except for various forms of tax subsidy, such as industrial revenue bonds and tax increment financing authority, which have indeed had some effect on the intra-urban distribution of capital flows until their availability to localities has become so ubiquitous that interjurisdictional competition in their use has virtually negated their locational impact, illustrating the Iron Law of Political Dispersion.

The second common response of the political system, the reduction in the level of support for services, has generated some interest in the rethinking and redesign of services and their delivery[1] including considerable interest in the privatization of services.[2] While this movement toward redesign of services has not yet been institutionalized, it has been stoutly resisted by the existing institutions, such as client advocacy groups, public employee labor unions, and much of the public bureaucracy.

The important point of this dismal recitation is not that leadership for transition and change in cities is impossible, but that it does not emerge naturally from existing institutions, which tend, to the contrary, to resist change because they embody systematic patterns of behavior and thought that are based in experience and anchored in interests that have half-lives that linger past the circumstances that produced them. Institutional revitalization must, for the most part, be sparked outside of these traditional systems, infiltrate or overcome them gradually, and eventually itself succumb to a hardening of the arteries.

Our concern here, therefore, has to do with the conditions that are conducive to institutional revitalization in cities and how the barriers to renewal can be overcome. While accident and luck are undoubtedly factors in any process of institutional renewal, no self-respecting social scientist can accept them as the only identifiable variables worth noting. Even free market theorists cannot resist the temptation to tinker with incentives

1. Ted Kolderie, *Many Producers, Many Providers* (Minneapolis: University of Minnesota, Hubert H. Humphrey Institute of Public Affairs, 1982).

2. Emanuel Savas, *Privatizing the Public Sector: How to Shrink Government* (Chatham, NJ: Chatham House, 1982).

to overcome the imperfections in the market that inhibit the proper behavior of institutions.

Let me assert some hypotheses that may explain why institutional renewal appears to occur some places and is not far advanced in others. I shall then suggest some strategies that might be employed by those impatient with the pace of change and the quality of urban leadership.

WHAT CONTRIBUTES TO INSTITUTIONAL RENEWAL?

Even a casual roll call of major American cities produces images of a considerable difference in the vigor of their institutions over the last generation. Some evoke an image of strong institutions and leadership over a fairly long time; others seem to have turned around in the last decade, emerging from an era of decline and disrepair into a period of vitality and imaginative leadership. Still others seem trapped in a slough of worsening hardship and rudderless drift.

Autonomy

A considerable part of the difference can be explained by the degree of institutional autonomy the city enjoys. By "institutional autonomy," I mean the ability of those market, governmental, and independent institutions to make decisions that affect the local political economy and public environment without being subject to control by another authority located in another place.

Some cities clearly enjoy a higher degree of economic and political autonomy than others. For the most part, these are the cities identified by Noyelle and Stanback[3] as diversified service centers and by the Committee on National Urban Policy as "command and control centers."[4] These large centers contain a considerable mass of corporate headquarters and serve as formal or de facto political capitals. They contain major universities and other research centers. They are home to all of the nation's largest financial organizations and the most advanced and sophisticated services needed to support high-level decisions, such as law, advertising, and public relations. Almost all of the major philanthropic foundations in the country are in these cities. And they serve as the major communications and transportation hubs of the nation, some of them operating as major centers of worldwide commercial and political decisions.

With few exceptions, these cities have been most successful in navigating the transition between an industrial past and a future in the knowledge economy. That this is a result of institutional renewal is by no means certain. A lot probably results from the dumb luck of smart people. But such cities have, at a minimum, a talent pool that is used to dealing in change and in its strategic management. Such cities also are far more likely to have both public and private resources available to them to ameliorate problems, to finance innovations, and to sustain themselves through failures, emergencies, and errors. They are also lucky to be centers in which some sectors continue to grow, often at

3 Thierry Noyelle and Thomas Stanback, *The Economic Transformation of American Cities* (Totowa, NJ: Rowman & Allanheld, 1984)

4 Royce Hanson, ed., *Rethinking Urban Policy: Urban Development in an Advanced Economy* (Washington, DC: National Academy Press, 1983).

rapid rates, even while others become obsolescent and decline.

The headquarters function appears to be crucial. While headquarters occasionally move or are assimilated into other structures located elsewhere as a consequence of mergers, they are far less likely to be moved by top managers than production and other facilities that need to be closer to markets. Central functions are likely to be maintained and even expanded in the face of technological change in individual industries and the economy as a whole. The demand grows for supporting services for which knowledge is the principal value added, helping to increase the critical mass of talent available for policy development. These kinds of activities in turn generate demand for other services such as higher education, cultural and recreational services, high-quality medical services, and a wide array of consumer services. These transactional cities have substantial capacity to control their own destinies.

But having favorable conditions and the raw material for institutional renewal and using them are different matters. In some of the most critical areas of urban life, institutions that matter most to their futures seem to have enjoyed relatively little renewal. The public education systems of the great command and control centers of the country remain, to be charitable about them, dismal. The Boston school desegregation crisis, for example, provides an almost classic case of default by the city's political, corporate, and community institutions. Boston has been left with a weak public education system to support an economy increasingly based on knowledge.

Established institutions seem most prone to self-renewal when their interests are clearly at stake. Thus, the financial institutions of New York were galvanized into reorienting themselves when faced with the imminent collapse of the city's fiscal house of cards. Because of the fact that the same New York-based financial institutions that restructured the city's debt and fiscal system are also the primary actors in the national municipal bond market, the ripple effect of the New York crisis was nationwide and resulted in a substantial rethinking of state and local public finance practice. For the most part, this has been a salutary change that has affected a large number of cities. It also illustrates the importance of autonomy to a city in altering its institutions, and the effects on institutions throughout the country of decisions made by actors beyond their control and influence, but upon whom they are dependent for essential services.

Cleveland offers another example of institutional renewal of the fiscal institutions of the city, accompanied by a considerable renewal, or at least revitalization, of the economic-political power structure. After years of economic and political drift, during which the old industrial structure of the city eroded and the demographic composition of the city was transformed, the major leadership institutions acted to restore the city's credit and infrastructure and to facilitate the city's transformation toward a service-based economy. While wide gaps in leadership and resources persist, the political, corporate, media, and foundation leadership seems to have taken advantage of the resources available to them and the opportunity their autonomy and power provided to redirect the fortunes of the city consciously.

In these cities, and others, significant development of institutions has accom-

panied the transformation of the economic functions they perform. New political leadership has worked with or been supported by an invigorated business and independent sector leadership. In some cases, such as Pittsburgh, much of the leadership has continued to come from the close-knit corporate elite represented in the Allegheny Conference. In Baltimore and St. Paul, visionary mayors have provided the mobilizing force, but have used the autonomy of their city's economic power base and their own political autonomy to foster extensive physical renewal.

Akron is among the most interesting of the industrial cities that have transformed themselves into service centers. Akron remains the tire capital of the world, but it no longer makes tires. The rubber industry, through a series of corporate decisions over the past two decades, decentralized its manufacturing operations throughout the globe, but kept its corporate headquarters and research and development functions in Akron. This was not done without a period of severe dislocation and unemployment, but the result has been a more stable economy and, now, the beginnings of a revitalization of the urban core.

Pittsburgh has experienced a virtual revolution in its corporate structure and functions. The steel industry no longer makes much steel in Pittsburgh, but the industry is still centered there—at least to the extent it is a steel industry at all, for it has diversified into other products as steel production has been shut down. While this has meant massive structural unemployment for steelworkers, the headquarters functions of the newly merged corporations have flourished along with their support and parasite businesses. With the collaboration of the city's outstanding research universities, Pittsburgh industries are moving into robotics, shifting the demand for workers from production to design and marketing.

One thing that has made Pittsburgh different from other cities during the post-world-war period is the active involvement of corporate leadership in urban policy. Here an institutionalized pattern of active participation and responsibility for the condition of the city has meant conscious intervention by this leadership, primarily in urban development policy. In addition, a highly stable pattern of neighborhood politics and labor unions has undergirded the system. Part of this system now faces destabilization as a result of the closing of unionized plants and the gentrification of old urban neighborhoods.

In contrast to the command and control centers, the subordinate urban centers of the country have fared poorly and show little strong evidence of institutional renewal. Adversity has not bred imagination among existing institutions. On occasion it seems to have called new institutions into existence, however. It remains to be seen if they will have staying power.

Subordinate centers lack economic and political autonomy. They are heavily dependent on corporate leadership headquartered elsewhere for economic decisions and on state and national governments for program sustenance. Many of the true industrial cities of America are subordinate centers: Youngstown, Birmingham, Shreveport, Butte, Davenport, Peoria, to name but a few. While they may contain some corporate headquarters, they enjoy little economic diversity. They have few strong local financial institutions. They lack substantial political clout in state politics. And they are all highly susceptible to cyclical and structural trends.

As production functions in these cities have contracted and closed, they have not been offset by an expansion of headquarters and high service functions. Existing business and labor institutions have not been renewed, but decimated in terms of leadership and vigor. The shrinkage in the revenue base combined with a growing need for social services has tended to traumatize local government rather than galvanize it to rethink its functions or the ways in which it delivers the meager services it can afford to provide.

There are some hopeful illustrations of institutional development even in these discouraging circumstances. In a few industrial cities, employee ownership of abandoned plants has provided an innovative, if sometimes problematic, way of maintaining, then changing, the character of the manufacturing business on which the local economy rests. In some cases, the new ownership institution is receiving substantial nurturing from nonlocal institutions, such as international unions and university faculty. This experience suggests that not all institutional renewal has to spring from the grass roots and that in some cases help from outside institutions may be a prerequisite for the development of a new, autonomous base of power in subordinate centers.

A few of these cities—Birmingham is an example—have some alternative institutions capable of supplying effective leadership if it can be stimulated into action. There a prescient mayor was able to capitalize on the city's medical center, universities, and high-technology sector to begin to build an alternative economy for this former manufacturing town.

The burden of all of these examples is that autonomy matters. Institutional development and renewal are possible without it, but like getting rich, it is easier to do so with start-up capital than without.

Catalysts

While autonomy provides a city with valuable resources for leadership and institutional renewal, resources are not self-mobilizing and the leadership institutions of a city are not self-renewing, even in the face of crisis. A catalytic agent is often required. Such an agent may be found in the political system, in the civic community, or in the nonprofit sector.

Political catalysts are the most common agents of institutional change, probably due to the fact that political leaders most frequently register and represent the pressures from the population of a city to do something when a crisis is apparent. Politicians also tend to develop brokering skills and are adept at coalition building, pyramiding resources, and the use of power.

Mayors, especially, have often served as effective catalysts of institutional renewal in their cities. The mayoralty is often the focal point of city politics. While a city council, especially if elected on a district basis, is hard to change, a mayor can be elected on a change platform. Election, however, is only the starting point. The mayor must have both a vision to which others can rally and the political skills to mobilize interests in the service of that vision.

Three quite different mayors illustrate the uses of the office and the disparate tactics of mayor-catalysts: George Latimer of St. Paul, William Donald Schaefer of Baltimore, and Henry Cisneros of San Antonio. Each has performed a catalytic role in changing the course of

his city's development and in renewing critical public institutions.

Significantly, each mayor-catalyst has operated in a limited sphere of action. All have focused their leadership on the physical and economic renewal of their cities, with only secondary attention to the renewal of social institutions, such as the education system. This surely is a result, in part, of the way in which political and legal power is distributed in urban government. There rarely is much room for mayoral power in the school system, and there is often a vacuum of power in the development arena. Mayors also have a lot of leverage on development issues. Federal and state assistance programs typically flow through the mayor's office as the result of two decades of skillful lobbying by the nation's mayors.

The availability of federal largess has also led to the development of mayoral staffs with the knowledge of the programs and the skills required to package development projects. A mayor with a strong popular base, competent and entrepreneurial staff, and the capacity for focusing group and public attention on issues can use these resources to create new ways of doing business. Mayors Latimer, Schaefer, and Cisneros have done just that. They make things happen.

In each city, the development of new forms of public-private partnerships have been led by the mayor. While each mayor has a different operating style—Schaefer roams the city, acting on the spot; Cisneros commissions in-depth analyses of the economy and develops detailed plans of action; Latimer is an indefatigable entrepreneur and idea man—they have in common an entrepreneurial approach to urban government and a clear understanding that their job entails leading the city, not merely presiding over its government.

Much of their time is spent proselytizing developers and employers, soothing and scolding the business leadership, mediating and bargaining with potential investors and affected unions, bankers, and neighborhood leaders. Each mayor tends to make use of new governmental agencies, special districts, and state and federal programs to leverage private investment. Each is considered—or already is—a prime candidate for higher office and uses his notoriety and popularity to gain advantage for his city in the statehouse and Washington.

While these mayoral roles are neither new nor unique in urban history—Fiorello La Guardia, Richard Lee, Joseph Clark, and Hubert Humphrey readily come to mind as earlier practitioners of the grand style of mayoring—they illustrate the utility of a catalytic force in the city's most obvious office. They also point up the fact that an able leader is often able to transcend the limitations of an office and exercise leadership well beyond the bounds of his jurisdiction.

That I can name most of the mayors in this class without borrowing the digits of a colleague to keep score suggests that the mayoralty is not a self-renewing institution. There has, in fact, been little formal change in the powers of municipal executives in the last decade; the reformers seem to have run out of gas or hope, or both, in the belief that structural change would attract effective leaders to the highest city offices. The average mayor remains about as politically narrow-minded and intellectually mediocre as ever: benign Gildersleeves who would show up to praise the city at the opening of an envelope. It is not surprising, therefore, that many cities find their catalysts, if any, somewhere other than in city hall.

An increasing source of catalysts for urban change is the locally based philan-

thropy or community foundation. The Eli Lilly Foundation in Indianapolis, for example, has been a central force in the revitalization of that city and in changing its sense of function. To be sure, it worked in alliance with the mayor and with other groups, but Lilly provided much of the intellectual and financial capital used to redirect the patterns of development and revive the spirit of the city. In Flint, the Mott Foundation has long been the central source of innovation in education and other community services. In Winston-Salem, philanthropic interest in the arts metamorphosed into a strategy of using an arts complex to shift the city's function and revitalize its core.

Although foundations are often created by old money, they not infrequently attract adventurous officers and staff capable of persuading an establishment board to break the crust encasing venerable institutions. Through grants to imaginative projects and people, foundations provide a little leavening in the civic lump. The McKnight Foundation in Minnesota, for example, managed through judicious seeding of programs to bring about a major restructuring of state programs for unemployed workers.

On the whole, foundations cannot be accused of excessive boat-rocking. Grants still tend to go to safe institutions and projects to support nice things like art, theater, symphonies, hospitals, and starving poets. A few seem genuinely devoted to giving away money to useless people like so many little Rosewater Foundations. But there is encouraging ferment in the independent sector, and many cities now sport nonprofit organizations that are self-conscious about the value of attracting lightning and converting it into energy designed to change the way the city works and the things on which it works.

Business leaders or newspaper editors and publishers may occasionally perform a catalytic role by using their good offices to bring leaders together to promote a policy interest or institutional reform. These leaders tend to work through other facades, however, preferring to operate behind the scenes and letting others perform the public roles.

Intermediary organizations

In part due to the caution of some of the individual catalysts, intermediary organizations are important in urban institutional renewal. Mediating institutions may be little more than established networks through which establishment figures communicate and reach consensus on a course of action. The Dallas Citizens Committee has been such a vehicle. Membership is restricted to the business elite, and the leadership circle is tight and self-contained.

The Allegheny Conference is another elite group. Membership is also limited to chief executive officers of corporations, but leadership is shared by the members with an experienced core staff with a mandate to take on important problems. The difference between the two groups is that the Dallas committee gets behind activities on which its members reach a consensus, such as the new international airport or location of a branch of the state university in Dallas. The Allegheny Conference also occasionally gets ahead of some issues, and of its own members, through an extensive program of collaboration with government and other groups. It remains close to its corporate base, however, and is careful to act from consensus.

Another model of intermediation is the Twin Cities Citizens League. While business-based, it is open to membership from other publics, particularly civic

leaders and university-based people who have a broad interest in public affairs. Its processes for development of positions on issues are open to participants and alternative viewpoints. The Citizens League operates from a public interest perspective and seeks to influence the public agenda. Because of its broader base, it is less shy of taking positions on which a consensus may not have formed among corporate or other types of leadership.

Philadelphia First represents a still different approach to institutional renewal. Organized by major corporate leaders, it used the pooled public affairs contributions of these corporations to create a new process of resource allocation to nonprofit organizations concerned with development and social programs. The corporations surrendered some of their control over funds to a more broadly based community board in return for a more rational and comprehensive allocation process. While still relatively new, Philadelphia First appears to have made considerable progress toward renewal of a significant part of the independent sector in Philadelphia.

Many cities have experienced a fairly rapid growth in intermediary organizations at the community level in recent years. Sometimes indigenous, sometimes stimulated into existence by foundations and public agencies, these organizations have provided an operating mechanism for catalysts to engineer change in areas ranging from education and housing to drug abuse and care of the homeless. Job clubs, for example, have had considerable success in supporting structurally unemployed workers to cope with the stress of layoffs and find suitable new employment. Community-based arts organizations have not only renewed urban cultural institutions, but have served as catalysts for broader renewal of social and physical systems.

Whatever the formal and informal processes used, intermediary organizations are valuable assets in the urban system. They provide the protection of consensus for individual business executives and a valuable medium for educating them in civic affairs. They make collective actions possible on a sustained basis, rather than force total reliance on ad hoc alliances and coalitions. They permit social experimentation without committing the full force and prestige of a corporation or the government to it, therefore allowing it to proceed without the necessity of layers of approval. On the other hand, they may produce a level of institutional rigidity in a system, which inhibits rapid adjustment to new circumstances.

Intermediary organizations appear to work best as mediums for institutional renewal when they are not too broad in membership or purpose. With few exceptions, the urban coalitions, born of the racial conflict and urban violence of the 1960s, have not survived as effective intermediaries. They sought to bring together corporate and political powers with community activists and neighborhood leaders to resolve a wide variety of equity and other urban policy issues. While participants in the coalition learned a lot about each other, they learned mainly that they did not like working together, especially once the emergency had passed. Participants have repaired to more homogeneous organizations to take on matters of concern to them, and to take on each other.

These less ambitious organizations play a central role in the process of institutional renewal. If they are open to new players and ideas they are, to some extent, self-renewing. If they tend to be

closed, they may actually stifle potential leadership. In all such organizations there is an inherent tension between developing staying power and accommodating change. Such organizations—unions, business associations, churches, community organizations, political caucuses—must simultaneously operate as agents of stability and agents of change. They must renew themselves while asserting traditional values and interests.

One important factor in their success is the extent to which they recruit leadership laterally or raise it from within. Corporate elite groups that assign membership to positions have an automatic process of lateral entry if the corporations that are members recruit chief executive officers and other executives from outside. Those in which membership is personal, however, are less likely to reflect such changes or reflect them far more slowly.

Civic culture

The most ephemeral and problematic condition influencing institutional renewal is civic culture. This amorphous concept arises from a city's composite history, its demography, occupational and industrial mix, and political system. Civic culture encompasses history, political folkways, public expectations, and the distribution of power and responsibility. I can identify at least three main strains of civic culture in major cities: exploitative or paternal; consumer or service oriented; and communitarian.

Exploitative or paternal. This civic culture entails a system dominated by a single power center or a small, self-conscious elite that supplies the economic base and dominates other primary institutions, such as banks, politics, philanthropy, and the media. Few of these company towns remain, but they are not extinct. Usually small to medium-sized subordinate centers, the economic, cultural, and political life of the community revolves around the company, and the elite are frequently able to manipulate other institutions, such as unions, small business associations, churches, and government by decisions or threats of expansion or contraction. The ability of firms to enlist the support of city officials and even unions to save jobs by opposing environmental or safety regulations or by reducing wages or taxes remains one of the most intriguing manifestations of the exploitative civic culture.

Power in these places is almost always centralized, but in times of crisis—such as plant closings or labor disputes—it can become polarized. This occurs as those getting the short end of the stick come to realize their situation and strike out in frustration. The Hormel strike in Austin, Minnesota, was not just about wages and working conditions. It was also about powerlessness in the face of change in a town dominated by a changing industry.

In stable economic times, the community tends to be passive, acceeding to the benign patronage of its leaders. But when their autonomy is threatened, as in a hostile corporate takeover or by a need to change manufacturing technology to maintain a competitive position in larger markets, the elite's attention and resources are focused on the firm and there is no alternate base for leadership to energize the city's civic institutions, most of which have been the pet rocks of the patrons.

We have yet to develop adequate concepts of corporate responsibility to cover withdrawal of patronage from a

community and provision for some method of developing new leadership institutions. A few corporations or their founders have established corporate, family, or community foundations with a strong local mandate. But few of these have worked on problems such as institutional renewal. Most resources have gone to health, cultural, and, in some cases, educational organizations—often another form of patronage for the benefactor. Some foundations—Kellogg, Mott, Blandin, Cummins Engine, Lilly, to name a few—have concerned themselves with community leadership development, but not exclusively in the home community.

The community foundation, if its endowment is well tended by the patrons, could be a significant force in institutional renewal by providing an autonomous source of financial and intellectual power in the community and by serving as a catalyst for institutional renewal. Such a stratagem, however, would require substantial changes in corporate and, probably, public policy to assign a percentage of profits before taxes to community foundations that are not controlled directly by the corporation.

Consumer/service oriented. This civic culture is most akin to Elazar's independent culture,[5] in which each major group looks out for its own interest. From an institutional perspective, this is the most common kind of civic culture. Interests tend to aggregate functionally and the system operates as an "ecology of games."[6] Power is divided, with those concerned with one policy area competing for resources as little as possible with those interested in other areas. Where conflicts are unavoidable and trade-offs are necessary because all must be supported from a common, indivisible base, compromise is practiced with a view toward satisfaction rather than optimization. Most command and control centers exhibit a consumer/service culture.

The consumer/service culture tends to be pluralistic. This posits a substantial diversity in the industrial and occupational mix and likewise in the demographic composition, religious affiliation, and income distribution of the population. There is a plurality of strong economic, political, cultural, philanthropic, and social service institutions. While most central cities tend to have one-party domination of elected offices, the party system is usually only one source of official power, which is shared—or divided—with other overlapping jurisdictions, a professional bureaucracy, and the private and independent sectors. Dominant parties are themselves almost invariably riven with factions. The consumer/service culture almost by definition is one that fosters a pluralistic system of power and thus provides bases for the development of different kinds of leaders and ideas.

The leadership problem in consumer/service-oriented civic cultures arises from its strength—the specialization of functions. It is difficult for leaders in one realm or sector to gain recognition and following in others. And it is even more difficult to lead comprehensively or across functional divisions and subdivisions. This mutual insulation of institutional politics prevents the cross-fertilization of ideas that is so essential to institutional renewal. A good number of insti-

5. Daniel Elazar, *American Federalism: A View from the States*, 2d ed (New York. Thomas Y Crowell, 1972)

6. Norton Long, "The Local Community as an Ecology of Games," *American Journal of Sociology*, 44:251-61 (Nov 1958)

tutions in such cities find that they are doing what they do better than ever, but it is not working.

A good example of this problem can be seen by looking at the fairly obvious relationship between education and the labor market in a period of sweeping transformation of the structure of urban economics. The school game is but tangentially related to the jobs game as these games are played in most cities. Education policy follows the interests of established education groups—teachers, school boards, administrators, and their support organizations. Labor policy conforms to the views of organized labor, business groups, and the jobs placement and training bureaucracy. The object of urban education policy is to serve its constituents and the object of labor policy is to serve its. It is the aim of neither to serve a system of human development appropriate to an economy that must be built on knowledge and creativity rather than strength and routine skills.

Yet it is the restructuring of mission, the rethinking of purpose and program that is central to institutional renewal. Urban school reform probably cannot be achieved within the rarified confines of the school system. It must connect to the kind of political economy in which people must act as citizens and workers. The labor and employment system cannot become effective without quantum changes in the habits of mind that afflict both workers and employers and without a profound change in both the preparation of young people—especially urban minorities and disadvantaged children—for the labor market and the continuous educational development of a technologically resilient adult labor force.

It is where great institutions intersect that the opportunity for renewal is greatest and at the same time the hardest to accomplish. In service-oriented cultures, the client groups are well defined and insist on receiving their services, many of which represent hard-fought battles for a piece of the pie. Change threatens these gains.

Some tentative but creative steps have been taken in a few service-oriented cities. The Boston School Compact, for example, has recognized a connection between education and employment for disadvantaged young people. But however evocative such experiments are of future possibilities, they fall short of the kind of institutional renewal needed for revitalization of urban education systems Other modest reforms, such as site management, the excellent schools movement, magnet schools, and corporate adoption of schools should not be dismissed as insignificant, but they have not and probably will not transform urban educational and employment institutions. They are basically in-system accommodations designed to serve and thereby pacify new groups that want service.

The fundamental problem that the consumer/service civic culture presents for institutional renewal is that it treats policy as a commodity and the citizen as a consumer. The consumer is entitled to have its itch scratched in return for its support of the system. There is little incentive for institutions to go beyond this transactional relationship because that would often involve intruding onto others' turf, precipitating retaliatory raids on resources. There is little incentive to share responsibility for what occurs outside of the immediate transaction. There is, in short, no public concept of shared responsibility for the big picture and little sense of trusteeship for the future.

Such cities, therefore, tend to eschew comprehensive planning and to react to, rather than anticipate, change. Service cities are not immune to spasms of reform. But George Washington Plunkitt's dictum holds: "Reformers is mornin' glories."[7] Short spurts of transformative leadership in New York, Philadelphia, Trenton, and San Francisco were soon supplanted by long remissions to periods of "let's make a deal."

Communitarian. A communitarian culture stresses the commonweal in its public discourse. Government and other civic institutions tend to be open, honest, and professionalized. Considerable value is placed on information, analysis, and planning. The political system may be reasonably pluralistic, but appeals for public support for policies are couched in moralistic language in preference to dividing of spoils. The major actors think of themselves in Wilsonian, rather than Jacksonian, terms.

The communitarian culture thrives on cooperation and consensus. It fosters a number of influential umbrella organizations designed to produce consensus on major issues and maintain surveillance over the formal political system. Corporations are expected to contribute to and participate in the policy process, both directly and through intermediary organizations, such as citizens' leagues, public-private joint ventures, and philanthropy. Corporate executives regularly serve on ad hoc betterment commissions. The media serve as community conscience and editorial nanny.

Minneapolis-St. Paul is a good example of the communitarian culture. While elections are partisan, government is not notably so. There is broad consultation between public and private sectors. In 1982, the governor capitalized on this culture to establish Minnesota Wellspring, a quasi-public leadership group containing representatives of business, organized labor, government, and universities to advise state government on major policy issues, such as taxes, education, employment, and the environment. Wellspring has engaged its members, including major corporate chief executive officers, in extensive studies of higher education, the impact of information technology, and excellence in public education. Led by private-sector representatives and staffed by state government, Wellspring has survived a change in state administrations and seems on the way to becoming institutionalized as part of the regional and state policy system.

Institutional renewal itself tends to be part of communitarian culture, at least to the extent that ideas and experiments are welcomed. Communitarianism, however, does not equate to enthusiasm for change. It is possible for such a system to be inherently conservative in its operation because of its emphasis on consultation and consensus.

Perhaps more important than the dominant culture is whether leadership in institutions is largely self-supplied, rising within the system, or can be recruited from outside, from other institutions and other places. Service-oriented cultures that recruit new leadership for their institutions laterally may be as capable of institutional renewal as communitarian cultures that depend heavily on internal promotion. The reason is simple. Organizational cultures influence the thinking of those who rise within them. It is often the clash of cultural perspectives of leaders and organizations that produces light as well as smoke and,

7. William Riordan, *Plunkitt of Tammany Hall* (New York: Dutton, 1962).

often, renewal of mission, purpose, and policy. It is possible for internally generated leaders to transform the organizations that nurtured them, but the probability is relatively small. Such leaders tend to be maintainers, not entrepreneurs or transformers.

Intercourse between sectors is also an important factor in institutional renewal. This has to consist of more than a loaned-executive program or occasional service on ad hoc commissions. Ideally, it should involve the movement of key actors from one sector to the others. And it requires the continuous exchange of ideas and information among the leaders of these sectors and with other cities.

STRATEGIES FOR INSTITUTIONAL RENEWAL

Past is only prologue. It is not destiny. A city can renew its institutions and change its culture—in time. American cities are still in their infancy compared with Athens, Istanbul, Geneva, Edinburgh, Cologne, and Kyoto. These cities, though they bear the indelible imprint of their pasts, have been renewed many times through the centuries. As they have changed physically and functionally, so have their institutions.

What we are really asking is, Can industrial cities renew their institutions in time? That depends. First, it depends on our willingness to think of institutional renewal as of equal, if not greater, importance than economic and physical development; indeed, to think of it as indispensible to and coincidental with other kinds of renewal. And we need to think of it in far harder terms as a subject for strategic planning and calculated actions. We need to recognize that, while institutional renewal for major cities is in some sense inevitable, if one waits long enough, its deliberate inducement, acceleration, and maintenance is more difficult than other forms of urban change.

If we think about the institutions that matter to the future of the city as a commonwealth, we can appreciate the problem. I take it that we should concern ourselves with renewal of those institutions that affect the performance of:

- the policy system;
- the economic system, especially employment and land markets;
- the living system—housing, environment, amenity;
- the service system—infrastructure and social services; and
- the cultural system.

Renewing institutions in these five critical arenas requires development and eventual institutionalization—of an urban intelligence capacity capable of analyzing the systems, their linkages to the rest of the world, and their capacities and deficiencies for achieving the city's aspirations. Self-conscious knowledge by its leaders and public of how urban systems work is essential if they are to be managed in the public interest.

An intelligence capacity involves more than information gathering. Most of all, it involves a capacity for reframing the issues to conform to what is known, and sometimes unknown. One of the preconditions of institutional change is insight into problems that can arise only if the problem is viewed differently or through a different lens.

This suggests that it is useful to import talent to fill both staff and leadership positions so that other experience, perceptions, and knowledge can inform and leaven policy discourse. It also suggests that there is a need to

understand the system of incentives and the internal and external forces that help drive the behavior that hardens into institutions. If we are serious about institutional renewal, we will promote tinkering with these incentives to see if changing them will unleash other forces for institutional change.

I do not advocate mindless messing around, but some informed adjustments and experiments. A good example of institutional renewal deliberately induced by such tinkering is the reformation of health care delivery in Minnesota. By reframing the question of health services from one of paying providers for treating illness to one of paying to prevent it, the incentives in the system were radically altered, affecting in turn the institutions of medical practice and health care.

Similarly, by reframing the question in urban education from one of adequate support of the schools to one of providing effective education for young people to enter the labor force and progress in a knowledge-based economy, we might also renew institutions that affect the practice of teaching and those that manage labor markets.

As a final example, we have enough experience to know that changes in tax systems can produce major functional and geographic shifts in land market behavior. We might reframe the issue of urban development by asking what we could do to promote forms of development that advance or accelerate the process of economic transformation of cities rather than what we can do to promote development.

Renewal of the political institutions of cities presents the most formidable challenge, for it involves changing the rules for making the rules. In many respects urban politics is more resistant to renewal than are other institutions. Given residency requirements for office holding, lateral recruitment of elected leadership is limited. Although the whole electorate is theoretically a source of potential leaders, the field is in fact severely restricted. Political leadership attracts a self-selected cadre willing to work for such rewards as flow from limited power. For the most part, these are psychic rather than financial. There are many disincentives for other able people: legal limitations that circumscribe the ability to act; the indignities of campaigning and fund raising; the low prestige of public service; the pressures from constituents and interest groups; loss of privacy in personal and family affairs; loss of income and opportunity for career advancement outside of politics; and the sheer time required to fulfill official and political obligations. One is tempted to think of urban politics as Lester Maddox once complained of prisons, "There's not much you can do to improve them 'cause they attract such a low class of people."

For decades, political reformers have framed the issue in urban politics as driving out corruption and promoting efficiency. It may be that, while we are far from victory on either count, it is time to reframe that issue, too. The real issue in today's world is far more interesting than not stealing while keeping the streets fixed. Without giving up these worthy aims, the issue is one of leading cities through an economic and cultural transition as dramatic as the industrial revolution. It is a task for which neither the political parties and interest group structure nor the bureaucracy is well equipped. It requires a broad institutional renewal in the most pervasive sense. It requires policy entrepreneurs rather than caretakers and ribbon cutters.

There are possibilities in the growth of public-private joint ventures and the increased use of nonprofit organizations to develop policy and deliver services. These alternative systems are introducing more entrepreneurial and competitive spirit into urban governance and expanding the field from which potential leaders can be recruited. A city concerned for the quality of its political and civic leadership has, therefore, more than one good reason to foster development of a strong independent sector.

In some measure, these new organizations, which stress innovation, experimentation, rethinking and reframing of issues, and effectiveness as well as equity in the management of urban programs, provide a different kind of training for higher leadership from that given by the old system of committees and boards, precinct work, and official bureaucracy. As these practitioners advance their careers by moving around among and within cities, they can be expected to create a different kind of public service from any we have ever experienced—one that is more attuned to change, more open to ideas, more prone to risk, and less committed to a single place as the locus for a career.

Cities that lack autonomy will need to find some substitute for it. One *possibility is that state or county governments might play a role different from those of the past, nurturing weak institutions through financial, technical, and even political support. Some states have* already begun to perform a tutelage function for their subordinate centers, or even to act as catalysts for local development and change.

Finally, if we really care about our cities, if we really want to renew their institutions of leadership, we will have to turn from the easy tasks of physical renewal to further political reform. We shall have to rethink the local party system, the distribution of powers, the systems by which elected and appointed officials are held to account for their performance, and the nature, functions, and scope of urban government.

Ultimately, institutional renewal of cities is about the revival of local self-government and the ability of cities to shape their own futures rather than consign themselves to accident and fate. Separation from the resource bases of the old economy makes it more possible than ever in history for a city to choose a future instead of have it dictated by impersonal forces. But to do so, it will have to pay close attention to its institutions of education, governance, and leadership.

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QUESTIONS AND ANSWERS

Q (Yale Rabin, University of Virginia, Charlottesville): I have a question for Mr. Hanson, who I think contradicted both Mr. Widner and himself. Mr. Widner made the point that the autonomy of political jurisdictions is a source of a great many problems politically for those jurisdictions that are in the most serious state of decline. Towns like Braddock, for example, are absolutely unable to raise themselves up on their own. What is needed is some super authority at the state level or some other level that redistributes things in a way that enables such hopelessly autonomous places to have a chance.

In terms of Ralph Widner's contradiction, he said how important autonomy is and then cited the role of the banks in Cleveland and New York as illustrations. It hardly seems to me that these banks illustrate autonomy; rather, they show the ability of the dominant local economy to make the local governments subservient to its needs as a condition of any kind of economic revitalization.

A: I will take the position that I contradicted neither of us. I think Ralph Widner and I were using "autonomy" in a different way. He was talking essentially about political autonomy or jurisdictional home-rule autonomy, I think. I was talking about autonomy in a broader, institutional sense. Moreover, I take it that autonomy is not an absolute; it is a relative situation.

The major command and control centers—the New Yorks, Chicagos, San Franciscos—and the regional centers - like Atlanta, Philadelphia, Minneapolis-St. Paul—have a much higher degree of autonomy than places like Youngstown, Birmingham, Duluth, and Butte in that they are both economic headquarters towns and corporate headquarters towns; in many cases they are banking headquarters towns. They may also be political capitals either because they are state capitals or because the political power of the state is so highly concentrated in those cities. When I use the term "city," I refer to metropolitan centers, which may include the central city and surrounding areas. These more autonomous cities are not subject to the same kind of guidance from outside that the subordinate cities that I mentioned are.

When the New York banks, which are the predominant banks in the country, make a series of decisions about the way in which they are going to deal with municipal finance and bond issues, they are dealing not only with that local situation; those decisions also have a spillover effect on a lot of other cities around the country that depend on those institutions. While a city like Atlanta may have a lot of autonomy in a lot of things, it will still have to go to New York for some of its major banking deals.

COMMENT (Rabin): I am afraid we are getting into a semantic trap. It is really not a question of autonomy. For example, twenty years ago there was a township in central Pennsylvania, Pine Township, that once had a fairly sizable population. It was a mining district in Clearfield County, and when the mines closed down, it lost its population. At one stage it did not have enough people to staff the township government that is provided for under state law in Pennsylvania, so it was made a ward of the court. The court ran Pine Township, and the few people who lived there were in effect denied their democratic franchise because the court was running their township. The township's loss of autonomy was not a question of surrendering autonomy. Rather, those lines that we draw on maps happen to be drawn at a particular stage in the development of the state and its economy. Those lines may have total irrelevance 200 years later, when the economy and the population distribution are totally different. Instead of being trapped by an imaginary line that we have drawn, you are talking about changing, in effect, an imaginary artifact that we ourselves made and placed on a map. I would submit that the people in the Monongahela Valley have lost autonomy because they are no longer masters of their own destiny. They do not have the fiscal resources to run their own affairs. The question is, Instead of being trapped by

the semantics of the issue, can we look at the reality—the real economic and social patterns of that valley and the adjoining plateau—and come up with a new political jurisdiction or public finance construct that enables them once again to control their own affairs and gives them back their autonomy?

I think "autonomy" is the wrong word. We are getting off on the wrong track.

Q (Michael J. Guilfoyle, University of Pennsylvania, Philadelphia): I have a sense that what has been meant here by "culture" is the homogeneity of culture or heterogeneity of culture that exists in the cities and how these affect the city and a lot of functions that go on. What did you mean by "culture," and how does one measure it?

A: That is a very interesting social science problem. I think what both Ralph Widner and I are talking about is what we would call civic culture. It is the sort of thing that Daniel Elazar was referring to when he tried to categorize the political culture or civic culture of states.

We are really talking about the way in which people in a community perceive themselves historically, the way they perceive themselves doing business I was trying to overlay the concept of the degree of pluralism with different general approaches to the way in which a city goes about its civic business over time. I used the term in a historical sense because it involves a lot of tradition. I think civic cultures do change over time, and they may become more pluralist or they may become more polarized over time.

COMMENT (Widner): Culture is not necessarily a question of pluralism, and I will leave it to social scientists to measure. Let me give you the qualitative difference in the civic cultures of cities. Let us compare the Twin Cities in Minnesota; Kingsport, Tennessee, or Beaumont, Texas; and Philadelphia. There is a great deal more homogeneity in the Twin Cities area of Minnesota than there is in the Philadelphia area. In the Twin Cities, there is a general sense of civic responsibility. Participation in the political life of the community is particularly valued, although maybe not in a direct partisan political sense, but in the sense of evaluating and debating issues. On the other hand, in Philadelphia and other cities like it in the industrial heartland of the country, all the way from Massachusetts and New Jersey across to Illinois, there is a civic attitude left over from the nineteenth-century tradition. I suppose that at that time a lot of legislators got bought, there was a lot of petty corruption, or people went into politics for what they could get out of it. Those themes are not universal today, but they are there. It is not uncommon in Philadelphia or in other cities like it to pick up the newspaper each week and find that a policeman has been on the take or a judge has been fixing tickets or a water inspector has been taking some payment on the side. That is not found in the Twin Cities, and, in fact, it is not found in a state like Virginia. There is a difference in the civic culture.

There is a particular kind of culture that went with the nineteenth-century industrial city, and I have not quite understood why it has persisted, but it is still here. Lincoln Steffens would feel relatively comfortable coming back today and writing about some of these cities, and he would find many of the same phenomena. Why has that culture

persisted? We are almost in the twenty-first century and we are still operating with nineteenth-century values. That is a culture question.

Q (Don Matzkin, Friday Architects and Planners, Philadelphia, Pennsylvania): There is an underlying assumption that existing organizations and structures can, in fact, manage it all, and I do not think that it is possible.

A: I think we will certainly have to create some new organizations and structures, but we will probably have to create some new jurisdictions. We will also have to create new ways of doing business. The kind of institutional change that is waiting to get formed is the one that reformulates, for instance, the boundary between public and private, particularly in cities. That line is getting very fuzzy now, as it has been in previous times in history. I do not think we are close yet to a real fix on how the new system is going to work and remain consonate with democratic values, particularly with regard to representation and accountability.

COMMENT (Widner): Because outside resources are drying up and because the economic environment is changing, cities essentially will have to become entrepreneurial. They will have to be operated more as if they were firms or like firms and be less custodial in their approach to their functions. At the moment, cities are essentially organized to be custodial, as if they were delivering a set of services that are routinized day after day when, in fact, they must set up for themselves a whole new set of systems. That puts cities in an opportunity-seeking, problem-solving, entrepreneurial state of mind, which is very different from what they have known in the past.

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Public-Private Partnerships for Neighborhood Renewal

By ROGER S. AHLBRANDT, Jr.

ABSTRACT The city of Pittsburgh is used as a case study in this article to show how an older industrial area has been able to maintain healthy neighborhoods despite a significant transformation in its economic base and more than three decades of population loss. The particular elements of Pittsburgh's approach that are generalizable to other industrial cities include strategies that are flexible enough to be tailored to the unique needs of individual neighborhoods; comprehensive strategies that include housing, community development, infrastructure, and institution-building elements; significant involvement of the private and nonprofit sectors, thereby leveraging public resources; and a commitment to increasing the capacity of local groups to respond to their own needs. A key ingredient of neighborhood renewal in the Pittsburgh model is the strong leadership provided by the city government. This is particularly crucial to the development and maintenance of many of the public-private partnerships that have formed the core of the city's neighborhood strategy.

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THE purpose of this article is to discuss strategies for supporting neighborhoods in light of broad societal forces that have exerted economic and social pressures on many urban neighborhoods in recent decades. A shift from a manufacturing to a service economy, changes in life-styles, advances in technology, and increased foreign competition have worked to disperse job opportunities and population within and between regions. These factors have combined to undermine the population base of most cities, thereby diminishing the demand for living in many city neighborhoods.[1]

Greater housing and neighborhood choices and expanded job offerings benefit individuals who are able and willing to move to take advantage of these new opportunities. However, population out-migration adversely affects those who are unable or unwilling to move from less desirable locations. As these neighborhoods depopulate and their economic base erodes, neighborhood-based institutions may be forced to discontinue or reduce services. Not only are existing residents inconvenienced by the lack of ready access to services, but their quality of life may deteriorate as crime rates rise and the existing social networks and social support systems within the neighborhood are undermined through the out-migration. Therefore, significant social costs are borne by those left behind. In addition, as those living in adjacent neighborhoods elect to move away from close proximity to abandonment and other undesirable conditions, blight will begin to spill outward into surrounding areas.

Neighborhoods—residential, commercial, and industrial—are the building blocks of cities. They form the fiscal base from which taxes are raised, and they provide the social environment in which people live; therefore city government has a strong incentive to intervene in the process of neighborhood decline. The city of Pittsburgh, which has lost about 40 percent of its population since 1950, is used as a case study in this article to illustrate some of the ingredients that have been instrumental in the support and stabilization of that city's neighborhoods and to provide a basis for generalizations to other cities.

NEIGHBORHOOD CHANGE

Neighborhoods are more than just the housing stock. Studies have shown that people are committed and attached to their neighborhoods for a variety of reasons, but that residents maintain linkages with the external community.[2]

1. The shift in the structure of the economies of urban areas is well documented. For example, see Charles L. Leven, *The Mature Metropolis* (Lexington, MA: Lexington Books, 1978), U.S., Department of Housing and Urban Development, *The President's National Urban Policy Report* (Washington, DC: Government Printing Office, 1984, 1980); Barry Bluestone and Bennett Harrison, *The Deindustrialization of America* (New York: Basic Books, 1982), Edward M. Bergman and Harvey A. Goldstein, "Dynamics and Structural Change in Metropolitan Economies," *Journal of the American Planning Association*, 49(3):263 (1983); Royce Hanson, *Rethinking Urban Policy* (Washington, DC: National Academy Press, 1983), Thierry J. Noyelle and Thomas M. Stanback, Jr., *The Economic Transformation of American Cities* (Totowa, NJ: Allanheld, Osmun, 1983); Robyn S. Phillips and Avis C. Vidal, "The Growth and Restructuring of Metropolitan Economies: The Context for Economic Development Policy," *Journal of the American Planning Association*, 49(3):291 (1983); Gene F. Summers, ed., *The Annals* of the American Academy of Political and Social Science, vol. 475, *Deindustrialization: Restructuring the Economy* (Sept. 1984).

2. See Gerald D. Suttles, *The Social Construction of Communities* (Chicago: University of

Within the neighborhood, people socialize with neighbors; use neighborhood-based institutions for a variety of purposes, including shopping, recreation, socializing, and worship; and participate to some degree in neighborhood-based organizations. Residents have friends, and sometimes family and kin, living in the neighborhood. However, except for those individuals who are most place-bound—the oldest and the poorest—people maintain active social relationships with people living outside the neighborhood; place of work is normally outside the neighborhood; and institutions and shopping areas outside of the neighborhood are used by most people with varying frequencies.

The neighborhood is just one of the places in which people are involved, and therefore neighborhoods may be thought of as being in competition with each other and the suburbs for residents. People are committed to and choose to become involved in their neighborhood because it meets some of their needs for social interaction, shopping, and the like. People having alternatives of where to live and spend their time will be drawn inward to the neighborhood only if it provides superior options compared to opportunities outside the neighborhood. The fabric of the neighborhood's social life and the availability of preferred public, private, and nonprofit services within the neighborhood combine to create the quality of the neighborhood's living environment. It is the desirability of this total environment that provides incentives to attract new and to retain existing residents. The attachment that residents have to their neighborhood and their satisfaction with it as a place to live are a result of a number of factors; if important dimensions of the overall neighborhood deteriorate or are no longer acceptable to existing residents, the probability that they will move will rise.

Neighborhood change is brought about by the interactive and cumulative effects of many different decision makers. Home owners make decisions to purchase and maintain homes; renters select units to occupy and thereby affect the decisions of owners of investment property; lenders make decisions about the terms, conditions, and availability of mortgage financing; owners of businesses make locational and investment decisions; city officials make zoning, service, and infrastructure decisions that affect the quality of life; nonprofit institutions make investment and service-delivery decisions that do likewise; and neighborhood residents make decisions about whether to remain and work to make the neighborhood a better place to live.[3]

Chicago Press, 1972), Claude S. Fischer et al., *Networks and Places* (New York Free Press, 1977), Albert Hunter, "The Urban Neighborhood. Its Analytical and Social Contexts," *Urban Affairs Quarterly*, 14(3) 267 (1979); Barry Wellman, "The Community Question· The Intimate Networks of East Yonkers," *American Journal of Sociology*, 84.1201 (1979), Barry Wellman and Barry Leighton, "Networks, Neighborhoods and Communities Approaches to the Study of the Community Question," *Urban Affairs Quarterly*, 14:363 (1979); Donald I. Warren, *Helping Networks. How People Cope with Problems in the Urban Community* (Notre Dame, IN. University of Notre Dame Press, 1981); Roger S. Ahlbrandt, Jr., *Neighborhoods, People, and Community* (New York. Plenum Press, 1984), Howard W. Hallman, *Neighborhoods Their Place in Urban Life* (Beverly Hills, CA. Sage, 1984).

3. The process of neighborhood change is described in Michael Stegman, *Housing Investment in the Inner City· The Dynamics of Decline* (Cambridge, MA. MIT Press, 1972); William C. Grigsby and Louis Rosenberg, *Urban Housing Policy* (New York: APS, 1975); Rolf Goetze,

Public intervention to stem unwanted change must take cognizance of the fact that there is not normally one precipitating influence. The willingness of people to remain in the neighborhood, the attractiveness of the neighborhood to potential residents, the amount of voluntary activity of residents and others to improve neighborhood conditions, and the level of public and private investment are interrelated. Confidence in the future of the neighborhood is essential to the maintenance of adequate levels of private investment and resident commitment to the neighborhood. Where this confidence has waned, city policies must be directed toward rebuilding it.

Public policy for neighborhood renewal should be formulated on several levels. Cities must be concerned with the overall loss in population and jobs. Therefore citywide economic development should be a primary focus of public policy. While this may not help a specific neighborhood, most neighborhoods will benefit to the extent that subsequent action stabilizes the economic base, stems population outmigration and encourages in-migration. In general, strategies for neighborhood renewal should be based on a recognition that the maintenance of healthy neighborhoods requires a multifaceted approach that is flexible enough to take into account the specific needs of individual neighborhoods and their capacity to respond. The ways in which a city decides to proceed will depend, in part, upon political pressures placed upon its officials by various neighborhood constituencies and by the availability of resources.[4]

PITTSBURGH'S NEIGHBORHOODS

Pittsburgh provides an interesting case study because its neighborhoods have been under pressure from population decline for more than three decades. In 1950, city population peaked at 676,000 and fell continuously to 402,000 in 1984. The city of Pittsburgh is comprised of 88 neighborhoods ranging from 400 to 16,000 residents. All but 7 of these neighborhoods lost population during the decade of the seventies, half by more than 20 percent. The impacts of these losses on the neighborhoods were not as severe as might be expected because the number of households did not decline to the same extent. While population for the city fell by 18 percent, households declined by only 7 percent.[5]

Despite the erosion of the population base, Pittsburgh's neighborhoods have retained a strong social fabric. A survey of residents in 1980 showed that 44

Building Neighborhood Confidence (Cambridge, MA: Ballinger, 1976); Charles L. Leven et al., *Neighborhood Change. Lessons in the Dynamics of Urban Decay* (New York: Praeger, 1976); Roger S. Ahlbrandt, Jr., and James V. Cunningham, *A New Public Policy for Neighborhood Preservation* (New York: Praeger, 1979); Anthony Downs, *Neighborhoods, Urban Development and Public Policies* (Washington, DC: Brookings Institution, 1981); Ahlbrandt, *Neighborhoods, People, and Community*.

4 Policies for neighborhood revitalization are discussed in the references cited in fn 3; see also Milton Kotler and Bernard H. Ross, eds. *South Atlantic Urban Studies*, vol. 4, *Symposium: The Role of the Neighborhood in Urban Policy* (1979), Michael Stegman, ed., *Journal of the American Planning Association*, vol. 45, no. 4, *Symposium on Neighborhood Revitalization* (1979); Bruce London, Donald S. Bradley, and James R. Hudson, eds., "The Revitalization of Inner-City Neighborhoods," *Urban Affairs Quarterly*, 15(4) (1980).

5. The population figures were obtained from various unpublished working papers prepared by the Pittsburgh Department of City Planning, Pittsburgh, PA.

percent of the households have kin in the neighborhood; almost all have friends living in the neighborhood—75 percent have at least one; a majority of 55 percent have their primary social contact living in the neighborhood; participation in neighborhood-based organizations is high, with 17 percent belonging to a neighborhood group and 35 percent participating in other organizations in or near the neighborhood; and more than half of the residents engage in significant amounts of neighboring.[6]

Pittsburgh's neighborhoods provide a number of services for their residents. Sixty-three percent of the households do their main grocery shopping in or near their neighborhood; 45 percent shop for most of their small items; and 51 percent attend religious services. The availability of neighborhood-based institutions and services, coupled with positive social interaction, provides incentives to pull the residents inward. This helps to explain why 72 percent of those surveyed rated their neighborhood a good or excellent place to live, and 63 percent were strongly attached to it. The social and institutional structures of most of Pittsburgh's neighborhoods provide a solid foundation upon which to build neighborhood programs.[7]

POLICYMAKING CONTEXT

The city's policies with respect to its neighborhoods must be considered in light of its fiscal capacity to respond and its political and community culture.

Fiscal conditions

The fiscal base of Pittsburgh has remained sound despite the large loss of population. Although employment in steel and heavy manufacturing industries has declined in Pittsburgh and its metropolitan area during the past several decades, these losses have been offset to a great extent by a burgeoning service economy, fueled by the health and business services sectors. Pittsburgh's position as a strong corporate-headquarters city has been a stabilizing influence. Since the mid-1970s, significant development has occurred in the downtown area. When completed, this will amount to more than $2 billion in new construction and more than 8.5 million square feet of new space for office, retail, and commercial use.[8] These investments have supported the tax base and have provided the impetus for a vibrant downtown. City officials have had greater flexibility in working with the neighborhoods because of the healthy downtown core area.

Community culture

For most of the twentieth century, public-private partnerships have been a key element in Pittsburgh's community culture. In the early part of the century, various citywide voluntary business and civic organizations became involved in urban improvement projects, with the objective of ameliorating the deleterious social and environmental conditions that resulted from the city's industrial development. In the period shortly before World War II, several new civic agencies were created to focus on specific prob-

6. The survey is described in Ahlbrandt, *Neighborhoods, People, and Community*.

7. Ibid

8. City of Pittsburgh, *City of Pittsburgh General Obligation Bond Series of 1985* (Pittsburgh, PA. City of Pittsburgh, 1985), "Appendix B: Economic and Demographic Information Relating to the City of Pittsburgh"; additional information provided by Robert Lurcott, director, Department of City Planning, Pittsburgh, PA, 18 Feb. 1986

lems arising in the aftermath of the Great Depression. In 1943, the Allegheny Conference on Community Development was formed. This umbrella civic agency, composed of the heads of the major corporations, was one of the primary forces behind the city's initial renaissance. The partnership between the Allegheny Conference on Community Development and city government brought about the rebuilding of the central business district, smoke and flood control, and a new highway system. These accomplishments fueled the city's post-World War II development and helped to embed public-private partnerships into the community's problem-solving framework.[9]

The basis for forming partnerships has changed in the last two decades. In the post-World War II period through the early 1960s, power was centralized in both the public and private sectors. It is now more dispersed. This has meant that more interests must be taken into account in the political decision-making process, and this has enhanced the power of organized neighborhoods.[10]

Equally important to the development of Pittsburgh's neighborhood strategy has been the leadership provided by the mayors. In the early 1970s, Mayor Pete Flaherty encouraged the involvement of neighborhood organizations in the city's planning and budgeting process in order to improve the responsiveness of city government to local needs. In 1977, Richard S. Caliguiri became mayor and has served continuously, being elected to his third term in 1985. The mayor's continuity in office and his commitment to strengthening the city's economic base and to improving the quality of life in its neighborhoods have created a political environment supportive of neighborhood programs.

Willingness to plan

Neighborhood planning has been an integral part of the city's approach to its neighborhoods since 1971, when a community planning program was created. The city is divided into sections, and community planners work with neighborhood organizations in all 88 neighborhoods on a wide variety of issues. Communications with the neighborhoods are facilitated further through neighborhood meetings on the city's budget; neighborhood brochures describing conditions and trends; and an annual report, showing the progress achieved in each neighborhood for each of the planned programs. These various mechanisms provide avenues for citizens to become better informed about their neighborhood and to communicate their needs to city officials.

NEIGHBORHOOD POLICIES

Up until the mid-1970s, the city's neighborhood programs were implemented through various federal programs, including Urban Renewal, Federally Assisted Code Enforcement, and Model Cities. Because most of the resources available from the federal government were targeted to specific neighborhoods, few funds were available to spend in other neighborhoods, and the city did not augment these funds significantly with its own resources.

9. Roy Lubove, *Twentieth Century Pittsburgh: Government, Business and Environmental Change* (New York. John Wiley, 1969).

10. Shelby Stewman and Joel A. Tarr, "Four Decades of Public-Private Partnerships in Pittsburgh," in *Public-Private Partnerships in American Cities: Seven Case Studies*, ed. R. Scott Fosler and Renée A. Berger (Lexington, MA: Lexington Books, 1982).

The enactment of the Community Development Block Grant (CDBG) program in 1974, which consolidated funding for a number of urban programs into one block grant and increased the flexibility for spending these funds, gave the city the opportunity to develop a comprehensive neighborhood-improvement strategy. The program was lodged in the Department of City Planning in order to increase the likelihood that resource-allocation decisions would be based on need and professional judgment rather than purely political concerns.[11] The framework in which this strategy evolved in the late 1970s focused on all aspects of investment in the city's neighborhoods rather than just the quality of the housing. It recognized that there were a number of factors that determined the health of the neighborhoods, and housing was just one element.

The city's primary goal was to improve the quality of housing and neighborhoods for existing residents. Comprehensive housing programs were developed to be implemented on a citywide basis to maintain and protect the city's generally sound housing stock. In addition, the city identified areas for concentrated efforts—including housing, economic development, public services, and infrastructure improvement—in order to stem disinvestment and provide incentives for reinvestment.[12]

11. Mary K. Reilly and Paul C. Brophy, "Comprehensive Housing Strategies" (Unpublished paper, U.S. Conference of Mayors, 1980), Pittsburgh, Department of City Planning, *1986-1991 Six Year Development Program. Draft for Discussion*, pp. 1-2 (Pittsburgh, PA Department of City Planning, 1985) The early history was confirmed by Jane Downing, assistant director, Department of City Planning, Pittsburgh, PA, 17 Feb 1986.

12. *1986-1991 Six Year Development Program*, chaps. 1, 2, 8, and 10.

Strategy

To guide its strategy toward its neighborhoods, the Department of City Planning developed a neighborhood typology in 1979, refining it in 1983. Neighborhoods fall into several categories, depending on their relative position with respect to changes in housing prices, household income, and home ownership,[13] as described in the following:

1. Group 1 comprises 33 neighborhoods. These include the most stable neighborhoods. Household income is high, the demand for housing is strong, and real estate prices are rising. Emphasis is on maintaining adequate city services.

2. Group 2 includes 17 neighborhoods. These are moderate income, high-home ownership neighborhoods. Compared to Group 1, the real estate market is weaker, prices are lower, and rates of increase in market prices are less. The city's strategy is to provide incentives to encourage reinvestment in the neighborhood. Low-interest-rate loan programs are available and actively marketed. In commercial districts, the city encourages merchant and/or community groups to plan and implement revitalization strategies.

3. Group 3 includes 19 neighborhoods. Like Group 2, these are moderate income neighborhoods. but the home ownership rate is lower and the real estate market weaker. Greater governmental assistance is required to stem decline in these neighborhoods than is the case for those in Group 2. The investment psychology of home owners, investors, and business owners may need to be upgraded through visible public sector commitments, higher service levels, and infra-

13. Ibid., chap. 10.

structure improvements. Subsidized loan programs are readily available.

4. Group 4 is made up of 6 neighborhoods. Household income in these neighborhoods is lower than in the Group 3 neighborhoods. The real estate market is weaker, and deterioration is more evident. The approach to stabilizing and revitalizing these areas is similar to that for Group 3 except that the level of effort required is greater.

5. Group 5 includes 3 neighborhoods. These neighborhoods are characterized by large population losses during the 1970s, relatively low but rising income levels, and above-average increases in real estate prices. Neighborhoods in this category have received high levels of public investment in the past as part of a strategy to improve the housing stock and raise the level of resident and investor commitments. These neighborhoods require a long-term commitment even though housing conditions have begun to improve. Attention is focused on the rehabilitation and sale of vacant buildings and on industrial and commercial renewal.

6. Group 6 comprises 8 neighborhoods. These are primarily public housing communities. Emphasis is on upgrading the physical facilities.

The city places high priority on its housing and neighborhood programs. Housing and neighborhood development activities account for almost 75 percent of the city's capital budget planned for the five-year period 1986-91.[14] These programs, including neighborhood economic development, have received a dominant share of the CDBG program funding, accounting for most of the $19 million available in 1985.[15]

Role of financial institutions

Financial institutions have had significant involvement in developing and operating Pittsburgh's home improvement loan programs since the late 1970s.[16] The cornerstone of the city's program is the role of tax-exempt bonds to provide funds to purchase eligible home improvement and mortgage loans originated and serviced by the lenders. The city was one of the first local governments in the country to use tax-exempt financing to provide major funding for its below-market-interest-rate housing loan programs.

Role of neighborhood organizations

Most of Pittsburgh's neighborhoods have a neighborhood organization. The typical organization has a small active membership and no paid staff, and it works cooperatively with the city and other organizations in the neighborhood such as churches and senior citizens groups.[17] In addition to these more traditional neighborhood organizations, there are about a dozen community development corporations with varying levels of experience. These have paid staff and larger budgets, and they under-

14. Ibid., p. 9; the figure was corroborated by Jane Downing, assistant director, Department of City Planning, Pittsburgh, PA, 17 Feb. 1986

15. Pittsburgh, Department of City Planning, "Detailed Description, Community Development Block Grant Funds Allocated by Function" (Unpublished report, Department of City Planning, 1984), corroborated by Jane Downing, assistant director, Department of City Planning, Pittsburgh, PA, 17 Feb 1986.

16. See Reilly and Brophy, "Comprehensive Housing Strategies."

17 Pittsburgh Neighborhood Alliance, *Pittsburgh Neighborhood Handbook* (Pittsburgh, PA: Pittsburgh Neighborhood Alliance, 1982).

take more sophisticated housing and economic development projects than the smaller, largely volunteer neighborhood groups.

Community groups are an important part of Pittsburgh's neighborhood preservation delivery system. They support the neighborhood's social fabric; they provide a mechanism through which neighborhood needs can be easily transmitted to city officials; and, in the case of the larger organizations, they concentrate directly on improving the quality of the neighborhood's housing and economic base.

The city has taken a tiered approach to providing funds for both operating and project purposes to community groups. Neighborhood organizations fall into one of three categories, depending upon their skill and experience in housing and economic development. The top tier includes organizations with the greatest capability, while those in the bottom tier have little experience. For the most part, the groups in the middle have the expertise to facilitate development with some outside assistance but not to undertake it directly.

Since 1983, the city has funded 34 neighborhood organizations, with the bulk of the funding being provided to the top-tier groups through the CDBG program.[18] These funds include the city's commitment to the Pittsburgh Partnership Program, a cooperative effort with the Ford Foundation, two local foundations—the Howard Heinz Endowment and the Mellon Bank Foundation—and the H. J. Heinz Company. With over $2 million already committed, the program provides multiyear operating support for four to five community development corporations.[19]

The city funds a number of programs that have the common objective of raising the level of expertise of neighborhood groups, thereby helping them become more self-sufficient. Operating grants are provided through the Neighborhood Fund—small grants to less experienced groups to help them move forward into economic development, and larger grants to middle-tier organizations to raise their economic development capabilities. A Neighborhood Business District Revitalization program provides planning and organizational development assistance, financial assistance, and public improvements to upgrade neighborhood commercial areas. The loan portion of this program is marketed by neighborhood groups and returns to them a portion of the amount paid back as the loan is retired. The Community Development Investment Fund makes grants to community development corporations for economic and housing development projects.[20]

Role of foundations

Pittsburgh has a large number of corporate and family foundations, and about ten of these fund, with some regularity, proposals submitted to them by neighborhood organizations. Moreover, the Howard Heinz Endowment and the Mellon Bank Foundation, including the bank's Community Relations Department, have taken an active role in sup-

18. See Jon Schmitz and Ellen M Perlmutter, "Lucky 5 Neighborhood Groups Top Fund Race," *Pittsburgh Press*, 1 Dec. 1985.

19. "Pittsburgh Partnership for Neighborhood Development" (Unpublished report, Howard Heinz Endowment, 1984).

20 Information provided by Robert Lurcott, director, Department of City Planning, Pittsburgh, PA, 18 Feb. 1986. See also *1986-1991 Six Year Development Program*, chap. 8.

porting neighborhood organizations.[21] Both were key participants in forging the Pittsburgh Partnership Program, and they have active grant programs assisting a large number of organizations involved in neighborhood-related activities, including housing, economic development, and technical assistance. In addition, Mellon Bank is developing a resource-sharing network to gather and broker in-kind resources to nonprofits.

Role of other organizations

In recent years, an extensive support structure for neighborhood activities has developed, based primarily on a partnership model.[22] Although the leadership for these various initiatives may come from different sectors, the role of city government has been crucial throughout. Some of the more important programs and organizations are described here.

In 1981, staff of the Department of City Planning, responding to one of the recommendations from a Citizens Participation Conference,[23] convened a working group of individuals representing neighborhood organizations, nonprofit groups, foundations, and universities to discuss the need for forming a community-based nonprofit agency to provide technical assistance to neighborhood groups and other nonprofits. In response to this initiative, the Community Technical Assistance Center (CTAC) was formed. Since its inception, CTAC has been funded primarily by the city through the CDBG program and by local foundations. During the past fiscal year, it provided management and organizational development assistance to more than 100 organizations and served many others through workshops, training, and information dissemination.[24] In addition, CTAC has organized a network of private corporations willing to provide volunteers to work with neighborhood groups on an as-needed basis.

The city also provides support to the Pittsburgh Architects Workshop in order to enable it to expand its activities. This nonprofit, community-based organization, founded in 1968, provides design and planning services to low- and moderate-income individuals and groups.[25]

In 1981, at the behest of the Allegheny Conference on Community Development, representatives of the city and local foundations were convened to discuss the feasibility of creating a Local Initiative Support Corporation (LISC) program in Pittsburgh.[26] Out of the discussions, almost $400,000 was raised by local foundations and matched by the Local Initiatives Support Corporation of New York. A LISC-Pittsburgh Advisory Committee of representatives from the corporate, foundation, and

21. See Howard Heinz Endowment, *Annual Report* (Pittsburgh, PA: Howard Heinz Endowment, 1983, 1984, 1985); and Mellon Bank Corporation, *Community Affairs Annual Report* (Pittsburgh, Mellon Bank, 1983, 1984, 1985).

22. Jan Stokley, "Local Government Support of CED," *Economic Development & Law Center Report*, pp. 2-8 (Mar.-June 1985).

23. Pittsburgh, Department of City Planning, "Recommendations for Citizen Participation Conference, Funding Neighborhood Groups Task Force" (Unpublished report, Department of City Planning, 1979)

24. Community Technical Assistance Center, *Program Report 1984/85* (Pittsburgh, PA: Community Technical Assistance Center, 1985).

25 Pittsburgh Architects Workshop, "Brochure" (Pittsburgh Architects Workshop, Pittsburgh, PA, 1985).

26 For a detailed description of the LISC program, see Mitchell Sviridoff, "Neighborhood Revitalization: The Role of LISC," *Journal of Community Action*, 1(3):5-8 (1982)

nonprofit sectors was formed, and the program was staffed out of the Allegheny Conference on Community Development. The LISC program is designed to assist organizations serving depressed neighborhoods in carrying out housing and economic development initiatives. The program provides a mix of technical assistance, grants, and loans. LISC has also operated a training and small grants program in conjunction with CTAC to help build capability in less sophisticated neighborhood organizations.[27]

North Side Revitalization Program

The North Side Revitalization Program, operating in six neighborhoods on Pittsburgh's North Side, is an excellent example of the city's partnership approach. In 1978, the city began discussions with lending institutions and neighborhood organizations to develop a comprehensive recovery program for this section of the city. Lenders helped formulate a housing loan program, and they agreed to originate and service the loans. The neighborhood organizations participated in developing the goals and objectives of the program, advised on needed public improvements, and agreed to participate actively in monitoring and marketing the program. Also involved in the program were private developers, contractors, real estate brokers, and mortgage insurers. Funds were provided by an $8 million Urban Development Action Grant, the sale of $23 million in tax-exempt residential mortgage bonds, and the CDBG program. The program was successful in stabilizing the neighborhoods. It provided assistance to 26 percent of the properties in the area, stimulated private investment, and was a major factor in strengthening the real estate market.[28]

IMPACTS

The overall impact of the city's efforts on the neighborhoods is discernible through a number of indicators. Investment in the city's housing stock has been significant since the late 1970s. In addition to public investment of $76 million, private investment has approached almost $100 million; 2300 units of new housing have been built for low-income and elderly persons through various federal programs; an additional 348 units have been built under a city program; 20,000 units of housing have been rehabilitated; 8000 units have received energy-related improvements. In combination, the city's programs have had an impact on 16 percent of the housing stock.[29]

The satisfaction of residents with their neighborhoods has risen in recent years, as evidenced in several citywide surveys. In 1975, 42 percent of the residents were satisfied with neighborhood conditions; in 1980, 72 percent of all households rated their neighborhood as a good or excellent place to live; and in 1984, 75 percent of all respondents were satisfied with their neighborhood. The percentage dissatisfied with their neighborhood declined from 37 percent in 1975 to 19 percent in 1984. Although factors other than the city's neighborhood programs could explain these changes, it is clear that neighborhood

27. LISC-Pittsburgh, "Report on the First Two Years" (Unpublished report, LISC-Pittsburgh, 1984)

28. Lauren B. Gates and Paul C. Brophy, "Neighborhood Revitalization with Economic Integration" (Unpublished paper, Urban Redevelopment Authority, Pittsburgh, PA, 1985).

29 *1986-1991 Six Year Development Program*, p. 34.

satisfaction has risen, and the city must at least share some of the credit.[30]

The community development corporations are stronger now than they were in the late 1970s. Some of their accomplishments include new construction and rehabilitation of housing, rehabilitation of a vacant building into light industrial and small manufacturing space, and attraction of new firms with 450 new jobs into a multineighborhood business district.[31]

The one negative indicator is the fall in residential real estate prices in real terms. Since 1979, housing prices, in constant dollars, have decreased by 16 percent, with only 10 percent of the city's neighborhoods showing price increases greater than inflation over this period.[32] The lack of appreciation in the value of city neighborhoods is understandable given the large population losses. There is no way to know what would have happened if the city had not implemented such a comprehensive approach toward its neighborhoods, but it is reasonable to assume that more households would have moved out of the city to the suburbs and that those remaining would not have been as willing to invest in their housing.

DISCUSSION

Pittsburgh has a strong commitment to its neighborhoods. It has developed a comprehensive set of programs and applied them differentially, depending upon the needs of individual neighborhoods. Some programs are operated citywide, while others focus on entire neighborhoods. The city has integrated housing, economic development, and city service and infrastructure improvements as circumstances have warranted. This strategy is based on a recognition that a comprehensive, targeted approach to neighborhood revitalization is necessary in order to stem decline and to raise the level of confidence in the neighborhood's future on the part of home owners, investors, and others who affect its quality of life and the strength of its economic base.

That the overall impact of Pittsburgh's approach to neighborhood renewal is positive is evidenced by the number-one ranking as the nation's most livable city, as reported in the 1985 *Places Rated Almanac*.[33] This accomplishment was based on the city's strong showing across the board on all of the indicators used in the ranking. A word of caution is in order, however, because while conditions in the city as a whole have improved, not all areas have shared equally, particularly lower-income, black neighborhoods.[34] These neighborhoods require constant attention from all sectors of the community.

Perhaps the most unique aspects of the city's approach to its neighborhoods are its commitments to partnerships and to capacity building. There are many partnerships operating at various levels throughout the city. Partnerships with lenders have enabled the city to augment significantly the availability of resources for its housing and home improvement

30. Pittsburgh, Department of City Planning and University of Pittsburgh, Center for Social and Urban Research, "Survey on Neighborhood Conditions and Services" (Unpublished report, Department of City Planning and Center for Social and Urban Research, 1985).

31. "Pittsburgh Partnership for Neighborhood Development."

32. Pittsburgh, Department of City Planning, *Neighborhood Residential Trend Report* (Pittsburgh, PA: Department of City Planning, 1985).

33. Richard Boyer and David Savageau, *Places Rated Almanac* (New York: Rand McNally, 1985).

34. Ahlbrandt, *Neighborhoods, People, and Community*, chaps 8 and 9.

loan programs; partnerships with community organizations have raised the capacity of these groups to deal with the needs of their neighborhoods; and partnerships with CTAC and the Pittsburgh Architects Workshop have enabled the city to support the provision of technical assistance to a large number of neighborhood and community-based groups, thereby enhancing the ability of these organizations to respond effectively to neighborhood and community-based issues.

The city, by providing support to neighborhood organizations and technical assistance providers, has contributed to the development of a strong support structure for neighborhood groups outside of city government. This has created a number of different contact points in the community through which foundations, for instance, can achieve meaningful participation, and it also provides an incentive for foundations to increase their level of involvement because they have greater confidence that their participation will make a difference and that successful outcomes will occur. The involvement of the Ford Foundation in the Pittsburgh Partnership Program was a direct result of Pittsburgh's being able to form a broad-based local partnership.

The Pittsburgh case study provides direction for other cities in a number of areas. City programs must be flexible enough to be tailored to the needs of individual neighborhoods. A strategy must be broader than housing—economic development and improved public services may be essential, particularly in lower-income neighborhoods. Partnerships are crucial—they provide additional resources, enabling the city to leverage its public dollars. Partnerships also help to build the capacity outside of city government to respond to the needs of the neighborhoods. Programs to build organizational capacity may be required. These programs include both technical assistance and funds for operating and project purposes. Finally, the role of local government as a leader in the development of partnerships is key. If local government does not assume the leadership role, it is unlikely that any other sector will do so on an ongoing basis.

The strength of the Pittsburgh model of neighborhood renewal is the leadership provided by city officials in the development of most of the significant partnerships. Although some of the partnerships may have developed without city involvement, the city provides the continuity for maintaining the partnership on an ongoing basis.

New forms of partnerships will be called for in the future to support the social and institutional structure of individual neighborhoods. The objective of these initiatives should be to help neighborhoods become more effective in addressing their own issues and, by so doing, to strengthen the attachment of people to their place of residence. Approaches that may be considered include devolving certain powers from city government to neighborhood organizations for issues such as code enforcement and planning; supporting neighborhood organizations to carry out specific functions such as economic development, housing development, recreation, crime prevention, or the delivery of other local public services; and general support to neighborhood organizations to make them more effective in carrying out their designated purposes. To the extent a city chooses to move in this direction, technical assistance and capacity-building programs will become more essential.

The future poses a number of questions for how older industrial cities like Pittsburgh will be able to respond to the needs of their neighborhoods. Pittsburgh has used its CDBG program almost exclusively to fund housing, economic development, and neighborhood assistance programs. With the expected cutbacks in federal aid, many of these programs will be threatened. Pittsburgh may be in a better position than some cities to respond to these reductions because of its well-developed partnership base. It will, however, require creative leadership on the part of the city and a strong commitment from other sectors of the community to expand these partnerships to deal effectively with unmet needs as federal assistance dwindles.

One aspect of this partnership approach, however, may have negative consequences. People do not normally choose weak partners. As resources become scarce, local government will be forced to rethink the manner in which it implements its housing and community development strategies. It is likely that cities will move away from citywide programs to more targeted efforts, focusing upon those neighborhoods in which community groups are the most effective. This strategy will enable the city to achieve the greatest leverage through supporting the activities of others to make the neighborhoods more livable. This approach has costs attached to it—neighborhoods having weak or nonexistent community groups will not fare well in the resulting resource allocation decisions.

* * *

QUESTIONS AND ANSWERS

Q (Daphne Spain, University of Virginia, Charlottesville): How do you see the federal role operating? There has been such an emphasis on the private-public partnerships, and yet the situation in Philadelphia with the proposed convention center and the misunderstanding in the minority community seems to cast doubts on those relationships. I would suppose that the minorities do not want the service jobs—as bellboys and maids—but rather they would prefer the construction jobs that were assured to at least some minorities in construction due to affirmative-action policies. If the public-private partnership is not a salvation, what might the federal role be?

A: I am not sure that the public-private partnership at the local level is the salvation. I think it is the best tool that we have available. The role of the federal government since the middle 1970s, but particularly since Reagan assumed office, has been one of rapid withdrawal. It would have withdrawn faster had not the mayors and governors put a lot of pressure to retain some of the programs that had been cut back, but nevertheless were not abolished.

I served for a while in the Reagan administration, and there was no intention to do anything more for urban areas than what was necessary politically. The task force on volunteerism and William Verity's Task Force on Private Sector Initiatives were there to market the budget cuts by making it seem that the federal government was going to do something at the same time that it was cutting as hard as it could. The Urban Development Action Grant program and the Community Develop-

ment Block Grant (CDBG) program in the early 1980s were scheduled to be cut, as were the housing programs. They were not abolished at that point; they were decreased. There still are attempts to reduce them a great deal further. Many local agencies have had a 30 percent cut in the CDBG program for this year or next year, depending on what their program year is. I basically do not see any major involvement of the federal government in social programs, housing, manpower training, and so on. If localities are concerned, they are going to have to do something at the local and state levels, by necessity. I think that the best strategy is one that involves local and state governments in partnership with universities, the non-profit sector, and the private sector. Those partnerships are necessary because the public sector does not by itself have the resources to make a whole lot of difference in some of the areas that have been impacted the worst by structural changes, foreign competition, and out-migration.

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The University and Its Community: Past and Present

By SHELDON HACKNEY

ABSTRACT: The history of university-community relations in this century has been characterized by periods of optimism and innovative action followed by disillusionment. During the years when cities were rapidly growing as a result of immigration and migration from the countryside, academics contributed to the search for solutions to urban problems and played a major role in the Progressive Movement. After World War I, research became increasingly esoteric, its focus shifting to national and international issues, until, with the sixties, efforts to find accommodations with a restive local community spawned a wide variety of new programs. The advent of technology appeared to satisfy needs for both research and jobs, but it also produced new frictions. In the present decade, new models for partnership and cooperation have evolved and community involvement has been linked more closely with the educational mission of the university. The hope is that a new spirit of optimism derived from the results of academically based public service will promote lasting progress. Ways must be found to institutionalize achieved goals that mutually benefit the urban university and its neighboring community.

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WHEN deciding what the proper relationship between a university and its surrounding community should be, one must begin by recognizing that the university's primary contribution to the betterment of the human condition comes through education and the creation of new knowledge. That is what it is organized to do, and that is what it does best. Furthermore, that is what virtually all of its resources were given to it to do, and there is a strong moral responsibility to use those buildings, and books, and monies for their intended purpose.

On the other hand, universities exist in the real world; they hire people, buy goods and services, and operate large enterprises. Their activities have a real effect on the communities around them. In the greater Philadelphia area, for instance, the University of Pennsylvania is the largest private employer and education is the largest single industry. With a budget of almost $1 billion, Penn pays $15 million to the city in wage taxes alone, not to mention the multiplier effect of our spending for goods and services in the local economy. In addition to what the university spends, our out-of-state students spend some $35 million annually. Clearly, what we do makes a difference locally. We are therefore ethically obligated to operate in a responsible way, to set an example of sensitive corporate citizenship. Providing employment opportunities for members of disadvantaged minority groups through a vigorous affirmative action program is only the most obvious example of that principle.

Beyond such an ethical obligation, however, we have a long-term self-interest in the health and vitality of the community around us. We will have a much easier time attracting the students and faculty we want if our city and neighborhood are lively, safe, and wholesome. Consequently, we should do what we can, without diverting our major efforts from our central purposes, to make our community a successful and fulfilling place to live and work.

History gives us some hints about how to make the town-gown relationship a productive one. Until the end of the nineteenth century, the perennially explosive relations between the university and its community did not exist as an issue, since "American universities were small institutions . . . [whose] principal function was to provide a college education that emphasized mental discipline, religious piety, and strict rules governing student behavior."[1] Ironically, even though with the land-grant college Americans invented the concept of the university in service to its local area, the tendency to equate academia with a cloistered ivory tower was a specifically American development reflecting a suspicion that too much schooling was elitist, impractical, and not necessarily a good thing. Representative of this attitude was that self-made captain of industry Andrew Carnegie, who caustically dismissed the study of the liberal arts, such as "the barbarous and petty squabbles of a far-distant past," in favor of engagement "in the school of experience."[2]

In Europe, on the other hand, most universities had grown up right in the heart of the city, in international centers of culture, such as Paris and Prague, or thriving medieval towns like Bologna, Heidelberg, and Oxford. A far more apposite image of their activity in those

1. Derek Bok, *Beyond the Ivory Tower: Social Responsibilities of the Modern University* (Cambridge, MA: Harvard University Press, 1982), p. 3.

2. U.S. Com. Ed., *Report*, 1889-90, quoted in Lawrence R. Veysey, *The Emergence of the American University* (Chicago: University of Chicago Press, 1965), pp. 13-14.

settings might be that of a bustling marketplace, a center for exchange like the cities themselves, where students from everywhere mingled with the urban rabble. This image appropriately captures the intellectual ferment and interaction that continue to characterize the best universities today. The inward-turning architecture of institutions designed for self-protection in a dangerous European urban environment was transplanted to idyllic surroundings on the other side of the Atlantic. These were usually as far away from the corrupting influences of the city as nineteenth-century legislators could manage.

The ivory tower always represented an attitude more than a reality, and, in an urban setting, it came under attack from the moment some of those within the university woke up to their responsibilities as good citizens. Their neighbors, at much the same time, were discovering that they had a sleeping elephant on their doorstep who was starting to stretch! To some extent, attempts at reaching accommodation between the mission of the major research universities that have grown up in urban locations in this century and the demands increasingly placed on them by residents of their immediate neighborhoods are part of a repetitive process in which periods of optimism and innovative action inevitably seem to be followed by disillusionment. Fortunately, there is evidence that the pattern is a spiral rather than a closed circle. If nothing else, universities should be able to learn from experience.

THE UNIVERSITY'S INVOLVEMENT WITH THE COMMUNITY IN THE TWENTIETH CENTURY

The history of relations between the community and the university records successive periods of high hope, which seem, invariably, to be followed by discouragement, often marked by anger. In retrospect, the period before World War I appears as something of a golden age as migration from the countryside accompanied by mass immigration from abroad contributed to phenomenal urban growth. Universities were also starting to expand, although opinion as to their proper purpose was still divided between those for whom they appeared as a haven for pure research and knowledge and others who saw "the value of academic institutions as vehicles for promoting a liberal culture that might soften the rough edges of a society absorbed in commerce and industry."[3] With the city rapidly becoming America's expanding and changing frontier, one perceived function of the expanding urban universities, therefore, was to contribute to the development of the city and to the quality of life of a new and impoverished citizenry.

As captains of industry Ezra Cornell, Leland Stanford, and John D. Rockefeller supplied the capital that allowed colleges to expand into universities, captains of erudition, such as William Rainey Harper, president of the University of Chicago, turned their attention to developing institutions that would serve the nation.[4] Cities were the site of significant social transformation and cultural conflict, the scene of political corruption, poverty, and crime—and a fascinating source of data. Progressive-era academics, meanwhile, were optimistic that social science could and would change the world for the better. Professors who believed that academic work could be significantly enhanced by practical involvement in political activity played a central role as researchers,

3. Bok, *Beyond the Ivory Tower*, p. 3.

4. Clark Kerr, *The Uses of the University* (Cambridge, MA: Harvard University Press, 1982), pp. 29-35.

advisers, and planners in reform campaigns and reform administrations. Entrepreneurial presidents had every reason to encourage their faculty to find solutions to the problems of the city, and local elites in the cities were equally motivated to provide the funding.

The progressives' belief in the possibility of progress and social improvement was sorely tested on the battlefields of Europe. As scientific rationality was swept aside by "narrowminded greed, brutal violence, and mass hysteria.... American social scientists were forced to re-think their conception of science as a lever of social progress."[5] One result of their disillusionment after World War I was reflected in a shift away from concern with creating a better society to value-free, scientific objectivity in scholarly inquiry. As increasingly independent specialized communities evolved, social scientists began to look beyond the immediate surroundings of the university to focus on national, and even international, problems.

Well aware of how scientists from the university had contributed to the war effort, social scientists also entered into cooperative relationships with the federal government. In 1923, Charles Merriam, a leading academically based Progressive, established the multidisciplinary Social Science Research Council with the aim of strengthening research and encouraging access to policymakers. The President's Research Committee on Social Trends, appointed during the Hoover administration, was organized and directed by Merriam, William Mitchell, William Ogburn, and other leaders of the Social Science Research Council. With the advent of Roosevelt, the influence of academics became even more pronounced.[6]

In the opening decade and a half of the twentieth century the Wharton School under Edmund James and Simon Nelson Patten had become probably the leading center of American social sciences. Patten had encouraged Wharton undergraduates and graduate students to become involved in Philadelphia's Progressive Movement, and, in his presidential address to the American Economic Association in 1908, he called on his colleagues to be "on the firing line of civilization."[7] If one of his protégés, Scott Nearing, was a cause célèbre on that firing line in 1915, during Roosevelt's administration another of his cubs, Rexford Tugwell, became a Brain Truster, while Frances Perkins, Patten's graduate student at Penn, was secretary of labor and the first woman in the United States to be appointed to the cabinet.[8] This focus on national issues was extended to foreign policy issues during World War II, and, with concerns of security and defense continuing in the 1950s, social as well as natural scientists became involved in federally funded programs on a national scale.

A new era in university-community relations was announced in the late

5. Dorothy Ross, "American Social Science and the Idea of Progress," in *The Authority of Experts*, ed. Thomas L. Haskell (Bloomington: Indiana University Press, 1984), pp. 165-66.

6. Barry D. Karl, *Charles E. Merriam and the Study of Politics* (Chicago: University of Chicago Press, 1974), pp. 42-99; Steven J. Diner, *A City and Its Universities. Public Policy in Chicago, 1892-1919* (Chapel Hill: University of North Carolina Press, 1980), p. 179.

7. Simon N. Patten, *The Making of Economic Literature*, Publications of the American Economic Association, 3d ser., 10(1, 8) (1908).

8. Martin Meyerson and Dilys Pegler Winegrad, *Gladly Learn and Gladly Teach: Franklin and His Heirs at the University of Pennsylvania 1740-1976* (Philadelphia: University of Pennsylvania Press, 1978), p. 149.

1950s, when Paul Ylvisaker of the Ford Foundation called for the creation of an urban equivalent of the Morrill Act of 1862, by which land-grant colleges had been established as an aid to American agriculture. "Urbanites," wrote Ylvisaker, "no less than their rural predecessors, need help with family budgets, nutrition, maintenance, land use, housing, vocational guidance, credit, and conservation. . . . backed with continuous research of the scale and sophistication long ago developed through the agricultural experiment stations."[9] A turning point in postwar university-community relationships was reached as the Ford Foundation backed up its words with significant financial support for experiments in urban extension programs. Between 1959 and 1966 the Ford Foundation made approximately $4.5 million available to apply university resources to the problems of urban America. Included among the initial recipients of funds were Rutgers, Harvard and the Massachusetts Institute of Technology, and the University of Wisconsin, with other universities following their example.

The early 1960s was another time of enormous optimism about the contribution universities might make to solving urban problems. In the same period, with heightened racial tensions and urban riots in the inner cities, community groups were bringing pressure to bear on urban universities to respond more effectively to the needs of their neighbors. Student groups and faculty members made increasing demands for action to improve conditions. At urban universities throughout the country, proposals for urban curricula proliferated as new departments, continuing-education programs, service units, and consortia of various kinds were put in place.[10]

In an effort to establish a science of urban affairs that would help shape the federal response to cities in the 1960s and 1970s, Robert C Wood, then a political scientist at the Massachusetts Institute of Technology, proposed a network of "urban observatories" similar in concept to the field stations data centers and observatories used by the natural scientist.[11] This concept was endorsed at a 1965 meeting of the National League of Cities. Starting in 1968, university resources were made available to local governments through the Urban Observatory Program to coordinate a program of continuing urban research and to improve the ability of the university to relate research and training activities to urban concerns. Ten cities were chosen to participate in the program: Albuquerque, Atlanta, Baltimore, Kansas City,

9. J. Martin Klotsche, *The Urban University and the Future of Our Cities* (New York: Harper & Row, 1966), p. 52.

10. Wayne State University, Center for Urban Studies, *Linking City and University Resources: The Experience of the City/University Consortiums, 1978-1983* (Detroit, MI. Wayne State University, 1984), pp. 5-6; Arnold B. Grobman and Janet S. Sanders, *Interactions between Public Urban Universities and Their Cities: A Report of the Division of Urban Affairs of the National Association of State Universities and Land-Grant Colleges* (Washington, DC. National Association of State Universities and Land-Grant Colleges, 1984).

11. National League of Cities, *Solving City Problems Through Joint City-University Research* (Washington, DC: Department of Housing and Urban Development, 1977), p. 4; Earl W. Lindveit, "The Urban Observatory Program" (Paper delivered at the National Conference on City/University/Public Agency Cooperation, Wayne State University, Detroit, MI, 15-16 May 1980); Thomas P. Murphy and James Zarnowiecki, "The Urban Observatory: A University-City Research Venture," in *Universities in the Urban Crisis*, ed. Thomas P. Murphy (New York: Dunellen, 1975), pp. 17-18.

Milwaukee, Nashville, Boston, Cleveland, Denver, and San Diego.

Another major federal initiative was inspired by the Ford Foundation's urban extension experiments: title I of the Higher Education Act of 1965 provided support for university-community service and continuing education. Other projects were supported through a variety of federal agencies, including the Office of Economic Opportunity, the Department of Housing and Urban Development, and the Department of Labor. The 1971 annual report of the National Advisory Council of Extension and Continuing Education identified 143 programs contributing over $4 billion to university extension, continuing-education, and community service activities.[12] In addition, Ford's overall effort made some $36 million available to universities, including a $10 million gift to Columbia University for the "establishment of a broad new program in urban and minority affairs." Spurred by this support from the federal government and private foundations, urban centers grew by leaps and bounds throughout the decade. There were approximately two dozen in the early 1960s, 80 in 1967, and 200 in 1969; 300 centers were identified in 1971.[13]

As returns from these programs began to come in, however, optimism about the role of universities in helping to solve urban problems waned. In part, this reflected the general change in national mood that marked the period of escalation in Vietnam and mounting problems at home. The universities themselves were also faulted. A particularly critical account appeared in a 1969-70 study by the Organization for Social and Technical Innovation for the Office of Education, which concluded that assistance of another sort was required. Rightly or wrongly, urban centers were perceived "as collecting data which they use for their own rather than the city's or community's purposes, as being university-sheltered consulting firms, as being expensive and useless, as imposing themselves instead of coming when asked—as being, in short, empty and foolish gestures."[14]

On the other hand, there have been quite a number of successes. Prominent examples include the Denver Observatory, many of the small-city observatories, the University of Delaware's College of Urban Affairs and Public Policy, the Rochester Urbanarium during its 12 years of work through 1982, and the University of Cincinnati's Matchmaker Program. A particularly successful effort is Wayne State's City-University Consortium, which exemplifies the umbrella or brokerage model of university-community cooperation. Formed in 1977 by a joint committee composed of representatives of the mayor's office, the city Training Department, and Wayne State University, it engages in consultations and longer-term collaborations and has initiated an urban internship program.

Nonetheless, the view expressed by

12. George E. Spear, "The University Public Service Mission," in *Universities in the Urban Crisis*, ed. Murphy, pp 95-96

13 Robert E. Price, "Columbia· Turning the University Around," in *The University and the City· Eight Cases of Involvement*, by George Nash (New York: McGraw-Hill, 1973), p. 103; David C. Sweet, "A Report to the Community. What's a College of Urban Affairs Doing in Cleveland?" (Unpublished manuscript, Cleveland State University, 1980); Peter Szantan, *Not Well Advised* (New York: Russell Sage Foundation and Ford Foundation, 1981), pp. 17-18.

14. U.S., Department of Health, Education, and Welfare, Organization for Social and Technical Innovation, *Urban Universities: Rhetoric, Reality, and Conflict*, 1970, p. 20.

William Pendleton of the Ford Foundation assessing overall university activity through 1974 was "that although there have been several mutually satisfying tie-ins between academics and officeholders, the failures outnumber the successes by at least ten to one."[15] After the largest influx of money in history and the most concerted efforts in creating solutions, progress toward developing productive working relations between university people and urban leaders still appeared questionable.

HIGH TECHNOLOGY RESEARCH AND DEVELOPMENT IN AN URBAN SETTING

The disillusionment that followed the period of greatest activity in university-community relations was part of a general disaffection that was registered nationally in the 1970s as established institutions of every kind sank in the esteem of the population. Nonetheless, in the course of these years of trial and error, urban universities have not only grown past all recognition; they have come to have a sense of place, to recognize that their future is inextricably tied to that of the city.

In the mid decades of this century, a major force in revitalizing both the universities and the community resulted from efforts to attract high technology through the development of scientific research parks. Because of the growing importance of technological cooperation, state governments and industry have helped mobilize the resources of the educational sector for local economic development. "These efforts address not only the preparation of students but also the needs of new and expanding high-technology businesses, particularly the need to increase R & D and technology transfer and the need to provide technical/vocational skills to the local work force."[16] The best known examples—the Stanford Industrial Park, the Research Triangle Park, and the University City Science Center in Philadelphia—date respectively, from the forties, fifties, and sixties. In January of 1986, 40 schools in cities from Orlando to Seattle were operating or developing research parks, 25 of them built in the last seven years.

Almost from its beginnings, the University City Science Center had an urban as well as a scientific and technological mission on account of its location in West Philadelphia near the University of Pennsylvania and Drexel University. The only such venture actually within a city, in the early days it failed to attract the corporate research complexes envisaged by its incorporators, with the University of Pennsylvania the principal among them. The idea of accommodating new small entrepreneurial businesses, which has become its hallmark as the world's first urban research park, was ahead of its time. It is now held up as a model to other cities around the world.

The Science Center currently houses 80 companies and organizations that employ over 6000 area people, generating a payroll in excess of $100 million. Some 80 organizations and companies started full-time operation at this urban research park, which became known as a major business incubator. Research carried out under its aegis includes energy

15. "Urban Studies and the University: The Ford Foundation Experience" (Address delivered at the Conference of the Office of Urban Affairs, American Council on Education, New Orleans, LA, 5 Apr. 1974), p. 10.

16. *Technology, Innovation, and Regional Economic Development* (Washington, DC: Congress, Office of Technology Assessment, 1984), p. 28.

management and economic development, criminal justice administration, substance abuse research, data and information research, biological and medical investigation, and products testing, including a program funded by the National Aeronautics and Space Administration to study the processing of biological materials and pharmaceuticals in space. It is also home to one of four regional Advanced Technology Centers established through the commonwealth of Pennsylvania's Benjamin Franklin Partnership, whose mission it is to stimulate new products, jobs, and economic development through technological innovation and cooperation among industry, labor, universities, research institutions and government agencies, Projects funded in the past four years alone have resulted in 2000 new jobs in the area.

The Science Center acted as a catalyst and an intellectual magnet—a means whereby Philadelphia could get a better grasp on its academic resources. As a neutral vehicle as well as an integrating agent, the Science Center also enables its 28 participating colleges, universities, and academic health centers in the Greater Philadelphia area to "relate more effectively their resources, personnel and programs to the needs of the community at large."[17]

PARTNERSHIPS FOR PROGRESS

It is now generally recognized that working together to find solutions is the only route for the survival of major cities, their governments, institutions, small businesses, and corporations. In today's cities, the words of Benjamin Franklin, that Philadelphian by adoption and sage for all seasons, ring true: "We must, indeed, all hang together, or most assuredly, we shall all hang separately."

In this new democratic and participatory climate, umbrella organizations are important for facilitating communication and ensuring that all groups involved have their due part. The new emphasis on partnership appears in the nomenclature of a number of citywide organizations that are now active in civic affairs. Such bodies as the Greater Philadelphia Partnership—now the urban action arm of the recently organized Greater Philadelphia First Corporation, the coordinating organization of corporate philanthropy in Philadelphia—came into existence in an earlier period of reform. Similarly, Penn's closest neighbor, the West Philadelphia Partnership, started out as the West Philadelphia Corporation. In 1983 it was restructured to include equal numbers of directors from neighborhood organizations, individuals, and the institutions involved in the affairs of the West Philadelphia community.

Some of this new awareness results from the experience of the sixties, but it is also true to say that it reflects a current perception that city hall is nowadays where the action is. Rather than migrating to Washington, today's students, in particular, see the city itself as not only the focus of all the problems that concern them—crime, congestion, pollution, racism, drugs, and unemployment—but also as the place through which they may have some influence on outcomes. In addition, public service is increasingly incorporated into the aca-

17. Randall M. Whaley, "A Case Study of the University City Science Center" (Paper delivered at the Organization of Economic Cooperation and Development's "International Conference on Higher Education and the Community: New Partnerships and Interaction," Paris, 4-6 Feb. 1980).

demic experience, with students receiving academic credit for their activities downtown and in the community, evidence of the universities' commitment to reclaim, renew, rebuild, and revitalize our cities.

Universities serve their community when they develop talents that will permit them to oversee the postindustrial economy. A further service, beyond that of the economic benefits resulting from the university enterprise, is provided in the skilled manpower and professional expertise that is retained locally, when, as many of them do, students choose to stay in the region after graduation. In addition, a university such as Penn reaches out to its community through a vast array of research and consulting services that draw upon a great variety of different strengths. There are innumerable applications for the findings resulting from studies conducted by students and faculty from the Wharton School, the Graduate School of Fine Arts, and the Schools of Social Work, Education, Nursing, and Arts and Sciences. Several programs, including the Small Business Development Center, the Human Resources Center, the Center for Philadelphia Studies, the Labor Relations Council, and the Center for School Study Councils, provide information and service to the city and neighboring communities in the Delaware Valley as an integral part of their activities.

ACADEMICALLY BASED PUBLIC SERVICE. A NEOPROGRESSIVE MODEL

In their book *Higher Learning in the Nation's Service*, Ernest Boyer and Fred Hechinger suggested that learning in the nation's service should be promoted through education with a civic, and hence ethical, purpose.[18] There are still few successful organizational models, and the too literal transfer of models predicated on altogether different social structures of early twentieth-century cities contributed to the problems that universities experienced during the 1960s and 1970s. Despite the continuing possibility that high-technology and business developments will exacerbate neighborhood tensions among those who see themselves as disenfranchised, the need for universities to combine such enterprises with community research and improvement remains urgent. At the same time, experience shows that, unless public service activities are firmly anchored in the classroom experience, new curricula soon flounder and the enthusiasm and idealism of students is squandered.

What may be described as academically based public service is rooted in, and intrinsically tied to, teaching and research; therefore it results in an integration of the teaching, research, and service missions of the university, while also spurring intellectual integration across disciplines. Unlike constituent service, continuing education, or community-based education—all of which are important activities for a university—academically based public service focuses on certain socially significant problems the solution of which may benefit from a high level of continuous interdisciplinary cooperation.

Far from being parochial, research on improving the quality of life of a specific urban community provides a significant contribution to knowledge. Since there is no such thing as an exclusively local problem or local solution,

18. Washington, DC: Carnegie Foundation for the Advancement of Teaching, 1981, passim.

such research addresses issues that have national and global significance. Over time, such study and analysis also permit the subtle changes and nuances of community life to be discerned, appreciated, and incorporated into a general understanding. That is what we have been trying to do at the University of Pennsylvania in the past two to three years as part of an overall attempt to increase integration across the institution while bringing greater coherence to our entire curriculum.

In 1983, Penn's School of Arts and Sciences created the Office of Community-Oriented Policy Studies to strengthen linkages between theoretical and applied learning and between the university and the wider community. At the core of the program are interdisciplinary courses that are problem solving in orientation. Students form a research affiliation with an agency or organization committed to improving the quality of life in the Delaware Valley; they examine a social problem of interest to the organization while proposing ways of solving that problem.

The research problems provide academically substantive avenues for undergraduates to engage in public service. The problems studied benefit from interdisciplinary scholarship, and critical, value-oriented thinking is developed by analyzing an agency's issue from an independent perspective. Civic learning and a moral approach to public concern are also fostered. Most significant, the motivation to learn increases when what is learned can be applied, when it is to have an impact, when it is seen to be of value and to make a difference.

In some instances, these activities have been rewarded beyond initial expectations. The West Philadelphia Improvement Corps (WEPIC), for example, grew out of research done in an undergraduate honors seminar on university-community relations into the problem of youth unemployment. Four students developed a proposal for the corps, and a combination of public and private institutions agreed to provide funding to the West Philadelphia Partnership for 50 youths in five West Philadelphia neighborhoods. Following the MOVE confrontation and fire on 13 May 1985 in West Philadelphia, WEPIC was expanded to include also the 62 young people aged 14 to 21 who had been affected.

Immediately afterwards, WEPIC decided to concentrate its efforts on improvement in that neighborhood, with primary focus on the William Cullen Bryant School, the neighborhood elementary school. Work at the site included landscaping, the planting of trees, and mural design and painting. Neighbors assisted in the project, providing tools, expertise, and support. The strategic and catalytic role of the school in community transformation became increasingly clear when an after-school project involving two teachers and 23 students was initiated. As they worked to improve their neighborhood, the students learned about its people, institutions, history, and buildings. As a result of the educational and community improvement that occurred, WEPIC was expanded to include a high school and junior high school in West Philadelphia during the spring and summer of 1986. The question of how schools can function effectively as genuine community centers that lead to the organization, education, and transformation of an entire neighborhood has led to the development of three courses at the University of Pennsylvania as well as a seminar in the

Graduate School of Education entitled "The Theory and Practice of Urban Community Schools" and involving faculty from across the University of Pennsylvania along with the teachers from WEPIC.

The focus on a broad, holistic problem in a concrete setting naturally results in new and expanding interdisciplinary research opportunities. In the communications area, Bryant teachers and its principal are instituting a communications campaign linking the school with the community, while issues of delivering health services through the school have brought together teachers and Penn's Nursing School faculty. At the time of writing, 12 undergraduates in the urban university-community relationships seminar are doing research on various issues relating to schools, the Bryant neighborhood, and the expansion of WEPIC.

There are major differences between the new Penn model and those implemented at the University of Pennsylvania in the first decades of the twentieth century by Edmund James, founder of the American Academy of Political and Social Science, and Simon Patten. For one thing, earlier faith in the power of the expert and expert knowledge to help cities and states cope with the problems of growth and development resulted in a model that was elitist and hierarchical rather than based on sharing and reciprocity. There was no sense that the expert could learn from the people in the community. Rather, community members were regarded as subjects to be studied and helped, as the experts set out to improve the efficiency of governmental agencies and to create institutions that would lead to a better life for the poor and the immigrants. In later developments following the Progressive Era, the emphasis was increasingly on study rather than assistance, and this approach led to enormous resentment toward university research in neighborhoods throughout the United States.[19]

In contrast to the paternalistic, expert model, the activities at the Bryant School represent a democratic, interactive, collaborative, participatory model involving academic researchers and the community that is the subject of their interest. At Bryant, all parties function as researchers in a common project; faculty and students, schoolteachers and pupils, as well as community members, are seeking a better understanding of the neighborhood in order that effective recommendations for improvements may be made. University faculty members and students study along with community residents in a mutual learning process and with shared goals. Research is incorporated in the very structure and operation of the project in what a Bryant teacher has described as a "participatory partnership." A democratic participatory model, involving mutually productive and beneficial relationships may well prove to be a necessary condition for substantive research on community problems. Certainly, it is the best way to obtain the subtle, in-depth, and richly detailed information that is necessary before any general theories can be developed and tested.

CONCLUSION

Universities contribute to their communities in a number of ways: through the economic impact of their own operations, by providing skilled graduates to

19 Center for Educational Research and Innovation, *The University and the Community: The Problems of Changing Relationships* (Paris: Orgazation for Economic Cooperation and Development, 1982), pp. 35-46.

the economy and to leadership positions in society, by serving as a reservoir of talented consultants and civic-minded volunteers, by being an incubator of ideas that may become new products and therefore new businesses, and by consciously bringing their resources to the aid of the surrounding community.

In this latter role, the University of Pennsylvania's experience suggests at least four general rules that ought to govern university-community partnerships. To inspire the most serious involvement of the participants and to last beyond the founding generation of students and faculty, there should be a linkage between the service activity and the educational program. To foster the necessary working relationships in the project, there must be a coequal partnership between the university and the community. To accomplish the task of intellectual integration across disciplines and between theory and practice, research opportunities must be linked to service experiences. For lasting significance, ways must be found to institutionalize the cooperative process. Following these rules, and with some luck—and lots of humility—we may be able to avoid another period of disillusionment or even an end to the current period of growing cooperation between universities and their surrounding communities.

* * *

QUESTIONS AND ANSWERS

Q: We have touched on the availability in the cities of jobs in general and also of jobs for the younger generation. It seems that even if jobs are available, there will be a lack of qualified people to take them. This is an educational issue.

A: Whatever the complex of answers there might be to the problems of the cities, education lies at the heart of it. Education is the single most important factor for any city in starting the revitalization process. Here in Philadelphia, for instance, there is an organization—a public-private partnership—called the Committee to Support the Philadelphia Public Schools. It brings together the chief executive officers of local corporations, the heads of local universities and colleges, and the school system to try to draw into the school system resources that would not be there otherwise. There are two programs that that group has started. One is the Philadelphia Alliance to Teach the Humanities in the Schools (PATHS); the other is Philadelphia Renaissance in Science and Mathematics (PRISM). That group is also working with the school system to try to help it improve its internal management to save money, and it is also a source for political support for the school system when the school system needs it.

There is the Philadelphia High School Academy program, which links corporations with high schools that train people to work in the industry that the corporation is in. In West Philadelphia we have just started something called the West Philadelphia Collaborative, which brings together universities, businesses, and the schools in West Philadelphia to try to bring more resources to bear on the school systems there.

There is a lot of innovation now with respect to the school system in a lot of different ways everywhere. A lot of it is

ad hoc and, it seems to me, very confused, but frankly I think there is something to be said for that.

The other great concern that you touched upon that is being faced—maybe not yet successfully—by this community is the jobs issue. Schooling for jobs is very much a probem. We have some programs for summer school and for summer employment opportunities. The idea now ought to be to link those summer job experiences with educational experiences in various ways. Young people would thereby not only develop discipline from a work experience and have the excitement of having a paycheck, which is a highly motivational thing. They would also, if they had dropped out of school and were at risk, have the chance of returning to summer school so that they can improve their intellectual skills enough to hold a job and become employable, as they are not now. Every year 8000 or so young people reach employable age, the age of 18, without a high school degree and without much chance of employment. That is a frightening figure and constitutes something of a crisis, but if we recognize this situation and start doing something about it through the school system, I think we can make some progress.

ANNALS, *AAPSS*, 488, November 1986

Pollyanna, or Is the Glass Half Full?

By ROBERT H. McNULTY

ABSTRACT: The choice of location for a business or an industry is now being made for new reasons. A place that provides enhanced quality of life for the workers is now being chosen over one that has the more traditional business-related advantages. Partners for Livable Places, an international coalition of more than 800 organizations based in Washington, D.C., has since 1977 been helping cities to strengthen their amenities, and—by doing so—to improve their economic growth. Partners' president Robert H. McNulty here discusses the economic and other benefits of such quality-of-life amenities as cultural planning, *animation*, natural and scenic resources, cultural tourism, public design, and parks and recreation.

Robert H. McNulty has been president of Partners for Livable Places since 1979. From 1971 to 1978 he was assistant director of the Architecture and Environmental Arts Program of the National Endowment for the Arts. He earned his bachelor's degree at the University of California in Berkeley in business, and his law degree at Boalt Hall, at the same institution. His articles and letters have appeared in numerous magazines and journals.

IN this article I will introduce the subject of amenities and change. Amenities are a tool for creating spiritual opportunities for progress and change at the local level. My focus here will be on how people in different cities come together to overcome hopelessness, despair, or other negative trends.

Let us go back to the annual meeting of the National League of Cities in 1977. At this meeting, the Rand report presented the sources of jobs for the postindustrial era. The report concerned the factors that cause industries and businesses to locate in one community rather than another. There was a strange section in the executive summary that my organization, Partners for Livable Places, jumped on as if it were a horse, and we have ridden it and whipped it across America ever since. That section stated that the attractiveness of a city, or the quality of life, as perceived by entrepreneurial individuals and firms has now become a major source for new jobs in communities.

Of course, the concepts of attractiveness and quality of life are difficult to define. For instance, four years ago in a survey on quality of life, Lowell, Massachusetts, was rated very low because it was not within the optimum distance of a racetrack. The track was assumed to be a major resource for Lowell's quality of life. The assets Lowell had were more varied than that, as I will mention later.

Some traditional business factors are still pertinent. Discussion at this 1977 meeting of the National League of Cities indicated that unionization of the labor force and proximity to traditional transportation routes, by and large, were important to quality of life. Strangely enough, this quality of life—or the perception of it, as the marketing image of a community—was very important in influencing location decisions for new job investments.

Since that time, in the research of the Joint Economic Committee of Congress, Real Estate Research, and others, there has been an argument as to whether the quality of life ranks as number one, two, or three in the decisions of business to locate at a particular site. In the last ten years, however, this factor has never dropped out of the top three as a reason why people want to move capital, reinvest, expand, or create leadership structures that foster job creation, be they low-level service sector jobs or other types.

About the same time Harvey Perloff's book, *Planning for the Post-Industrial Age*, indicated that he thought that the new jobs coming on the market were in unexpected areas: healing, education, agricultural technology and research, capital formation, and even arts and culture. This was a second indication that the reasons for job development in cities had changed.

What were the major employment resources? The American competitive advantage will never allow us to price our wages lower than Malaysia's, which in ten years will probably be lower than Korea's. The competitive advantage for doing heavy manufacturing, shipbuilding, and steelwork will from now on always be in the Third World. What employment opportunities does this circumstance leave for U.S. citizens? Perloff saw arts and culture as a major employment resource, and we began working with him in 1977, looking at the economics of culture in Los Angeles.

At the same time, there were indications that the size of new businesses had changed. David Birch at the Center for Regional Economics at the Massachu-

setts Institute of Technology began computing data and statistics. Where were units of employment? What size were the businesses that were bringing in these jobs? He found to some amazement that small units of work were creating most new jobs, many under 100 employees. He forecast that some 65 or 70 percent of new jobs between now and the year 2000 would be created by firms of under 60 employees. Suddenly there were some fairly reputable economists—not arts and culture people or architects—saying that culture could be an employment resource.

Jobs were coming from smaller and smaller units, but most of the job-seeking groups were staffed by people who were used to recruiting the smokestack industries. They did not know how to recruit small units of employment to their community nor did they know that the appearance of the town actually had some bearing on the town's ability to compete for new jobs against other communities.

Partners for Livable Places designed a program that we called the Economics of Amenity. For the last six years, we have been working in some sixty U.S. cities, learning from them as they try to compete against each other in retaining jobs and in changing the image of their community as a desirable place to invest or to work. I hope we have added some value with what we have learned collectively from the various efforts of the men and women who provided local leadership in their varying communities.

Also at this time, public perceptions of economic development were changing. It was at this time—1977—that the commonwealth of Massachusetts under Frank Keefe, state director of planning, designated Lowell and five other depressed cities in Massachusetts as state cultural parks. Keefe had no background in economic development and was not known to be sensitive to culture. Nonetheless, in 1977 he was suddenly dealing with a network of depressed communities in the state, which most economic forecasters said would never come back. This situation in Massachusetts set the stage for a different perception that quality of life, amenity, small scale, and sensitive response might have a bearing on a community's creation of jobs.

At Partners for Livable Places, we felt that the original Rand report, which discussed the concept of attractiveness, needed to be fleshed out in order to be articulated at the local level. We developed a pattern of asking the chief political officer in a city to invite us to work in conjunction with a local group, and we had that group define projects that could enhance the city's attractiveness, appeal for marketing, or spiritual renewal. We used seven elements to define quality of life so that it could be treated as an infrastructure. Remember, in the late 1970s there were reports on the erosion of the infrastructure, but infrastructure at that time meant only such things as the sewers, bridges, and roads—the capital infrastructure.

CULTURAL PLANNING

The first thing that we looked at, following Perloff's leadership, was cultural planning. We defined it inclusively, to take in zoos, aquariums, public parks, sites of historic preservation, and gospel choirs. Culture includes almost every element of the community and it is a source of much employment. It is an excellent marketing device and a major investment area for the community.

In Los Angeles, if the commercial film industry is excluded, culture is one of the largest single economic units. It was the least planned; there was no

municipal group that coordinated the various elements, yet every unit of government—from housing to law enforcement to transportation—could have added to the economic return from culture.

What Perloff recommended and was trying to implement before his death some two years ago was reformation of the comprehensive plan of Los Angeles to include a cultural element and to have that tied into plans for community development; managed and invested in the same way as housing, public works, and other elements of the comprehensive plan.

Perloff observed that cultural facilities were increasingly seen as valuable captured opportunities. In real estate, it is location that creates value, and new facilities should be tied into special assessment districts, transportation, and housing, which allow the economic benefit of location decisions to be reaped.

Now the idea of central cultural planning is taking hold. Increasingly, cities from Dallas to Chicago are looking at the concept of a comprehensive citywide cultural plan that Perloff developed. Cultural planning must do more than provide enough seats at the symphony. It must include secondary effects, such as employment—for instance, in terms of taxis and hotel rooms—and keeping the city alive after 5:00 p.m. It must consider a rational allocation of resources to achieve maximum return.

ANIMATION

The second issue we looked at was, to use the French, *animation*. We thought very few Americans would know what the word meant, so we had some flexibility in defining it.

Our theme was that the public and private spaces downtown by and large are not programmed or managed. Codes and ordinances prohibit certain activities, and public liability insurance and the city attorney proscribe them. Because of this, downtown areas are sterile, deserted wastelands that discourage anyone from being there after 5:00 p.m. Many Americans travel to Europe and see the vitality in the streets there and come back to their own cities and assume that such lively activities cannot occur. They are wrong!

Animation is a marketing strategy, a public relations strategy; but it is also a race relations strategy. Many American cities have turfs in their downtown areas. There are separate turfs for blacks, whites, and Hispanics. By creating a common democratic forum, a space in which to begin to break down stereotypes, a meeting place can be created that may lead to betterment of the community. We have been working with a number of commercial firms, particularly the Rouse Company, in learning more about the *animation* of public spaces. From shopping center management techniques, we wanted to learn how to provide additional programming, security, finance, and marketing to create destinations downtown to which people will want to go.

Increasingly, cities—even cities like Phoenix and Tampa in the new growth areas—are concerned that if the downtown area is not being used, then basic changes need to be made. Cities are realizing the need to learn from centralized management, and special nonprofit groups are being created to take on the managing, programming, security, and maintenance of our downtown sections.

In revitalizing downtown areas, small steps are important. In the last two years, Houston and San Diego for the first time authorized vendors to sell food

on the city streets. The health and sanitation codes had been written in the 1880s, before refrigeration, so they had banned this manner of selling food as against public health. Small things like this are major steps forward in creating a climate in which the city is seen as a desirable place.

NATURAL AND SCENIC RESOURCES

The third area we looked at was natural and scenic resources: air and water quality, the protection of vistas, the preservation of urban wildlife, and the abatement of noise levels. Before working on the Rand report, Roger Vaughn did a number of economic studies showing a direct correlation between decibel levels and the rent that can be asked for office space; the noisier the area, the lower the possible rents. A quiet city is a good investment in terms of economic value.

Attractive views and pure water are important considerations. Vancouver has special zoning rules to protect views. Many North American cities, like Jacksonville, Florida, and St. John, have reaped the benefit of massive federal investment for pollution control. Water treatment has returned the St. John River to a swimmable, fishable condition. It is now the site of a regatta, and a fishing industry operaties within the city limits.

As Mayor Voinovich said some years ago, when Cleveland was hosting the All Star Game, the greatest asset of Cleveland was its lake.

CULTURAL TOURISM

The fourth area we looked at was tourism. We felt that the traditional cities of tourism—San Francisco, New Orleans—had caused other cities to seem deprived of assets in comparison, thereby discounting themselves as tourist destinations.

We began our tourism development program in Paterson, New Jersey, a town not then known for major tourism activity. In the eighteenth century, however, it was the center of tourism, as the great falls of Passaic were the highest waterfalls this side of the Appalachians.

We began working with the mayor and looking at labor history. We examined the history of manufacturing and found that Paterson, like most towns, has amazing stories that, if told and communicated, would overcome people's fears of entering a slightly hostile area. It is the small nuances and values that towns discover about themselves that can bring the opportunity to be marketed to an increasingly discovery travel market.

We learned that Rogers Locomotives Works had been founded in Paterson. The first submarine had also been built there. Samuel Colt had had his revolving arms works there before moving to Hartford. The American silk industry was born there. Most of the labor strife that formed our union movement occurred in Paterson. None of these stories were being told to the public.

Those stories can become the basis of a cultural tourism, under the admonishment that tourism begins at home. If residents do not respect their culture or their history, they cannot expect others to anticipate it and want to see it. Cities like Paterson, Memphis, Sault Saint Marie in Canada, and a number of others are all working on how the hidden stories can be told. Baltimore is the discovery tourism market of our decade.

My last tourism story is that I grew up in California and I remember the image of Gilroy, California. Gilroy was a mean valley town that we stayed away

from. Someone in Gilroy's chamber of commerce discovered that garlic was becoming a staple of the new cuisine, so Gilroy produced a garlic festival. The first year there was not much attendance. But last year some 500,000 people came to Gilroy for the garlic cook-off.

PUBLIC DESIGN AND THE CITY'S APPEARANCE

The fifth area we looked at was public design and planning. What does the architecture say about a community? How many public bodies actually try to commission quality design and landscape as a billboard, as a marketing device, as a promotion for their community? Very few.

Generally, in many municipalities, the public architectural contracts are selected on the basis of contributions to the mayor's election campaign. That may not be the best way of selecting design services. Increasingly, design competitions—an idea imported from Europe and being fostered by the National Endowment for the Arts—are being used to choose good design for major civic commissions.

Columbus, Indiana, under the patronage of J. Irwin Miller and Cummins Engine, has for years invested in its public commissions of churches, parking garages, and firehouses. As has been evident in the *Wall Street Journal* over the years, Columbus, Indiana, is one town that is known in Japan, Belgium, and elsewhere. The uniqueness of its architecture has given it a reputation beyond that of a typical small town in the midwestern United States. People know it, and people anticipate seeing it.

Cummins has to bring in people from around the world for training in Columbus. Because Columbus has something special, people are not resistant to moving there from, for instance, Buenos Aires. The unique architectural statement makes the expectation of going there not drudgery or bothersome, but something to look forward to in a sojourn in America.

Given better public design, the next question we considered was, How is the private sector convinced to create and showcase appropriate designs? If the public sector were willing to try for the best, could the private sector be persuaded to insist upon design that fits in, makes a statement, and adds value?

Increasingly, cities like San Francisco and Boston, where the overall civic design and the setting are considered valuable, have begun to negotiate with private developers to ensure the inclusion of amenities. There are exactions from the private sector—publicly negotiated and legal—that ask for everything from day-care funds to low-income housing to maintenance funds for street trees, to performing arts funds. The message here is that if the appearance of the city is valued and if the appearance has value in the marketplace, it must not be given away to the individuals of the private sector. Rather, a design standard should be set, and then there must be insistence that the private sector invest in its quality. Eventually, the standard will become part of the culture; eventually, even lenders will turn down a development if the design does not fit into what the city has defined as its image.

PARKS AND RECREATION

The last elements we considered were parks and recreation. Generally, in times of decreasing budgets, parks and recreation are seen as the least important expenditures, after the arts. In many cases, however, they are probably one of

the most important. Again, the maintenance of a city's green spaces, the condition of its parks, is another billboard that shows a potential investor how this community is doing.

When Kaiser Industries in Oakland, California, received its rebate from Proposition 13 some seven years ago, its executives asked the employees what municipal service would, if cut back, make them rethink living in Oakland and working for Kaiser. The number-one concern was parks and recreation. So Kaiser began a program of investing in the city park system and minority youth employment. The motive was not altruism; rather the company wished to prevent any turnover of its labor force and high cost of training new staff.

CONCLUSION

The areas in which we looked at amenities were these: cultural planning, *animation*, natural and scenic resources, cultural tourism, public design, a city's overall appearance, and parks and recreation. We worked with local communities and we tried to add some value to what others were doing and show how they could, in aggregate, attempt to build an infrastructure of quality of life.

First, we found creating this infrastructure added up to an attitudinal change. Talking about research studies did not convince local people to volunteer their time to make something positive occur. A better framework was one that involved increments of positive changes—small goals that could be achieved and appreciated in a short period of time.

The question was how to boost confidence. After all, for all Baltimore has done, it is still a poor city beset by a number of problems. But where would it be if nothing had been done? While the economists say that Baltimore still is poor and that its amenities have not really changed things, Baltimore would be twice as poor without the amenities. It would be without hope. The amenity strategy has brought a spirit of enthusiasm to Baltimore; amenities can provide a framework for participation.

Second, we considered marketing and promotion. Pittsburgh wanted very much to be rated the most livable city in the United States. This rating would be an affirmation of value. Many people still thought that Pittsburgh was much less than the most livable city, and it was difficult to get middle-level management to move to Pittsburgh because spouses did not want to go there.

The marketing of Pittsburgh as a livable city accounts for the city's success in attracting the best and brightest to its universities, research institutes, and employment centers without having to pay inordinate bonuses to draw people to live and work in that city.

The same was true in Austin, Texas. Austin was picked as the site for the consortium for the next major step in computer development. One of the factors in Austin's favor was that its quality of life was so good it could attract people from throughout the world to work on the project because they wanted to live in Austin. The consortium ended up making a $2 billion investment in Austin, triggered mostly by the city's attractiveness, its landscaping—the quality of life.

The amenities strategy has serious implications for a city, but the nice thing is that it lends itself to a nonthreatening approach. We began working in an amenities program in Richmond, Virginia. The black and white communities there had never cooperated with each other. A black mayor was in his first term, and he was searching for

a nonthreatening approach for a dialogue with the white business community. He wanted an approach that did not start off with institutional racism, youth unemployment, or deteriorated housing.

We began with a cultural facility location issue, and from that grew Richmond's renaissance, the first achieved by a racial coalition in the city's history. That group now takes on all economic development, promotion, and marketing of the city. The cultural facility issue was a nonthreatening initial step for people who for years had a history of difficulty in working together.

In Lowell, Massachusetts, hated old mill buildings came to have positive value for the community. Lowell had the worst achievement test scores in the state, and the superintendent wondered why. He felt that if he could find one element common to the whole community, he could use it to begin to upgrade the education system. The element he found was the mill buildings, which represented the exploitation that all of Lowell's different ethnic groups had endured from the mill owners. He created a new educational spirit, using the city's architectural past as a uniting theme for self-improvement. Lowell became a magnet school system.

The old mill buildings also had an impact on business and employment in Lowell. The buildings provided a reason for Wang Laboratories to stay in Lowell. It was not that the buildings would be converted into usable space for high technology. Rather, they lent to the population the quality of stability. Lowell's residents did not change residence and employment frequently. Their attachment to those old mill buildings and consequently to Lowell decreased turnover at Wang. Thus Wang created its world headquarters at Lowell.

Amenities development also provides a chance for power sharing. In this time of decreased resources, no one can do everything alone. A city government needs the advice and financial contributions of foundations, corporations, nonprofits, and other groups. Though negotiations now are tougher, people are actually reaching agreements. In this time of scarcity, no one can afford to steamroll others because no one has the budget anymore to accomplish goals without help. In such circumstances, amenities again lend themselves to some form of participation and cooperation.

* * *

QUESTIONS AND ANSWERS

COMMENT (Newton M. Roemer, Clifton, New Jersey): For the last five years my firm occupied the fourth floor of the Rogers Building, so I speak with some intimate knowledge of what transpired in the rehabilitation of that historic landmark.

The building is four stories high, and each floor consists of 9300 square feet. The plan was to make that building the hub of a wheel that would outline the historic district that was to be rehabilitated.

The ground floor of the Rogers Building was supposed to have been devoted to use by the Paterson city museum, which was done, and unfortunately it was substantially undone by mixing in other uses. The remaining three floors were supposed to be left for

essional use. I would offer as a typi-
uch use my firm's use of the fourth
· as a law office. We had no sooner
ıcked our belongings then we were
ronted with a new tenant on the
nd floor that made cubbyholes out
300 square feet. The result was an
use of the space and destruction of
: was otherwise a very fine initial
;n. I mention this with considerable
:t. The circumstances I have just
ed can be applied to other buildings
facilities within the historic district.
re say that we now have as much
fiti on the rebuilt structures as we
on the structures prior to rebuilding.
he plans that were made and par-
ated in under the leadership of
or Pat Kramer were quickly undone
use there was a submission to the endemic compulson for instant gratification. When it seemed that the renting of the second floor was a little behind the projected schedule, they undid, in one stroke of the pen—literally and figuratively—all of the fine planning and sanguine expectations. I mention this because of the tendency to overemphasize the theoretical and academic aspects of the things that we are doing. There should be some way of factoring into the planning of these projects handcuffs on disruptive politicians. There should also be some way of factoring into these plans the program funds to maintain and secure the integrity of the plan. If we were to do this, the quality of life that we hope for ourselves could be realized in the near term.

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Human Renewal in the Revitalization of the Industrial City

By GARTH MANGUM and STEPHEN MANGUM

ABSTRACT: Forces following World War II caused a flow of industrial jobs to the suburbs, trapping a central-city minority population unable to compete for the office jobs remaining. Service jobs primarily for the women and a welfare system unwilling to support male-headed families contributed to family breakup. A variety of programs were introduced in response, but the better they worked the worse conditions became because the successful joined the flow to the suburbs. The result is a dual economy with a modern sector staffed by commuting expatriates overlaid on a native population basically unconnected to the city's economy. Since there are already more jobs than residents in the central city, economic development is largely irrelevant to them. The challenge is to bring the residents into the heart of the city's economy, yet create an environment that will encourage the successful to stay.

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THE city, throughout its history, has been a concentrator and controller, but rarely a developer of human resources. It has enticed to its beckoning opportunities the most adventurous of rural residents, but has added, by and large, only superficially to their skills in putting them to work in achieving its objectives. This article reviews the absorption of human resources in the development of the industrial city, identifies the forces that have trapped many as those same cities have lost much of their industrial role, and suggests solutions to the challenge of human renewal within the context of the cities' changing role.

VITALIZATION

If there is to be revitalization, there once must have been vitalization. What happened to it and why must it be redone and how does that relate to human renewal?

Implosion to explosion

The U.S. industrial city between the War between the States and World War I attracted primarily rural European immigrants to its expanding factories. The simple skills required were learned on the job. Their ambitions the immigrants brought with them and transmitted to their children at home. The city schools took on the task of Americanizing those children. Vocational schools emerged to provide the few skills that could not be learned through on-the-job training. Higher education for the next generation's leaders was largely limited to the children of those providing the jobs for and profiting from the labors of the immigrants.

From 1920 to 1965 the migrants to the cities were primarily from rural America. Until the close of World War II, those domestic migrants were not treated much differently from the way the pre-1920 European immigrants had been. At that point, the industrializing force shifted from implosion to explosion. Whereas the enterpriser, the financier, the manager, and the hired hand had all been pulled centripetally together in the central city, the dominant industrial forces became centrifugal. The migrants of the twenties and thirties had been primarily rural whites. Federal housing programs now subsidized their move to the suburbs, opening their abandoned central-city residences to the new wave of black migration.

But industry followed its white skilled and semiskilled workers to the suburbs. The new continuous production processes dictated abandoning the multistoried factories of the central cities and constructing single-storied ones on open land with favorable tax rates. The interstate highway system, with its beltways and limited central-city access, added to the centrifugal forces.

The central-city underclass

The jobs left in the central city were sharply divided between the control functions in the corporate headquarters and financial institutions—beyond the reach of the new in-migrants with their rural, Southern, and segregated education—and the rudimentary service jobs, such as janitors and hotel and restaurant workers. Since most of the jobs available to the undereducated were more typically women's than men's jobs, black males began losing their traditional economic role in the family. A welfare system willing to support female-headed, but not male-headed, families completed the emasculation.

The tax base to support education, the parents who understood it, valued it, and had the political sophistication to demand it, had all gone to the suburbs. The most critical input to the school system and determinant of its success—the quality of its student body—was largely predetermined and differentiated by the preschool environment. Add to all of this the fact that higher education, despite substantial decline in financial obstacles, was available only to those who successfully completed elementary and secondary education. Segregated housing, along with transportation systems designed to speed the white suburbanite to the central-city office job—not the central-city black to the unionized, well-paid, semiskilled suburban job—was an effective trap.

These accumulating ills were recognized by the 1960s, and federally sponsored programs rose belatedly to the challenge—area redevelopment, employment and training, equal employment opportunity, public assistance, open housing, model cities, federal aid to education, and so forth. They worked effectively for many individuals, but the better they worked, the worse things became. Open housing was open only to those who could pay. Those who gained skills and obtained jobs followed their predecessors to the suburbs. So did and do those high achievers who struggle through the deteriorating central-city schools and on to higher education. What is left behind is the accumulation of failures.

All of this is stylized and oversimplified, but the results are well known: perverse demographic trends, deteriorating central-city economies, and dysfunctional youth life-styles; a broadening gap between a successful black middle class and a stultified black underclass; the concentration of female-headed families who are increasingly never-married mothers and teenage children having children; a flood of the homeless and rootless—all in all, a dreary recital. The causes are complex, but one fact stands out: the cities beckon with opportunity, but not for most of those who reside at their center. In many ways what we have in the American central city is comparable to the dual economy of a less developed country: a modern economy staffed by expatriates overlaying a primitive economy of poor, underprepared, and labor-surplus natives. The key to that opportunity is increasingly higher education, beyond the reach of all but the exceptional few of the central-city residents.

THE NEW IMMIGRATION

Immigration is only one of three human renewal challenges confronting the industrial city. Beginning with immigration law reforms in 1965 but accentuated by warfare in Indochina and economic stagnation in Latin America, a new wave of immigration began. More immigrants entered the United States in 1980 than in any year in its history.[1] These were the people with enough "git up and git" to "git up and git." They were poor, accustomed to deprivation, but ambitious. They drifted or flocked to the cities where the low-wage service jobs available to them offered a better life than at their origins. Even the housing is not shocking to many of them. But will they go on being satisfied? More important, will their family structure survive and will their children be prepared to compete for better things and

1. Vernon Briggs and Marta Tienda, *Immigration: Issues and Policies* (Salt Lake City, UT: Olympus, 1985), p. 3.

move on? Or will they be added to the trapped underclass? So far, the outlook for assimilation is not as discouraging as for their black predecessors. Yet the experience of the Puerto Ricans, as contrasted to the Cuban immigrants, suggests that mere ambition is not enough.

The displaced worker

But in the suburbs there is another concern and challenge—the displaced industrial worker. These are the very people who, after World War II or the Korean police action or, to a lesser degree, the Vietnam conflict, without resort to higher education, bought with a Federal Housing Administration or GI Bill loan guarantee a suburban tract home and took a unionized semiskilled job in a smokestack industry. It was also they who, in collective bargaining with lax and expedient managements, pushed U.S. labor costs out of line in the world economy.

They, along with the majority of U.S. voters, also failed to oppose a policy of tax cuts and defense increases that generated the economic deficits that are the flip side of the import dilemma. The government deficits created purchasing power and jobs as they almost always do. But with high interest rates and borrowing from abroad to finance the deficit, the goods-producing jobs emerged abroad, providing imports into the United States. Since services cannot be so easily imported, the service jobs were created at home. But being labor intensive and often rudimentary, and because they are largely unorganized, the pay for the service jobs available to the undereducated is low. With import competition, these industrial workers were laid off with little prospect of ever finding a job providing the levels of pay to which they were accustomed. Retraining may enable them to compete successfully with immigrants or their own wives for a job at a fraction of their former rates. Only with a graduate degree could they earn what they once brought home from the steel mill or automobile factory. But at least there is less likelihood than in the female-headed central-city family for there to be an intergenerational transmission of their economic trauma.

The programmatic response

The employment and training programs of the 1960s were brought to bear disproportionately on the central cities due to the unrest and riots of the era. But they could only offer skills for the types of jobs that were located elsewhere, better access to low-paid service jobs already available, or countless work-experience programs that offered income but not preparation for employment. Suburban versions of the same programs brought skills to people in reach of more substantial jobs with sufficient margins of benefits over costs to justify the entire expenditure.[2] The few urban achievements were dissipated as their successful recipients sought better surroundings in the suburbs. The marked exception was the Job Corps, which earned its high marks by recruiting the most disadvantaged youth and removing them from their familiar environment.[3] But its successes, too, were, by and large, those who did not return to their origins. The Elementary and Secondary Education Act enhanced the resources of all poor

2. Robert Taggart, *The Fisherman's Guide: An Assessment of Training and Remediation Strategies* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1981), p. 81.

3. Ibid., pp. 59-62.

school districts, rural and urban, but not in magnitudes nor within policies that could allay the traumatic impact of deteriorating family structure.

In the 1970s, paradoxically, the employment and training and economic development efforts swapped geographical focus. New funds-distribution formulae under the Comprehensive Employment and Training Act shifted support to the suburbs. The beginnings of concern for international competition brought trade adjustment assistance, mostly in the form of income maintenance, but for the families of displaced workers, a suburban phenomenon. By the 1980s, attention was further shifted from the central city as the Job Training Partnership Act sought to place private employers in control of the remedial job-training effort. Their interests in selecting more qualified applicants along with the elimination of most of the employment components that had been emphasized under CETA, as well as the stipends accompanying training, further shifted focus from the central-city underclass. At the same time, the emphasis of economic development shifted from attracting business to depressed areas to by-one's-own-bootstraps encouragement for expansion and maintenance of the existing economic base and encouragement and support for start-ups of new firms. Minority and small business development, community development block grants, and urban development action grants were part of that swing of emphasis. But the deep-seated traumas of central-city economies were beyond buck-passing efforts, especially since those efforts did little to attack the underlying human malaise.

With that weary lament, we turn to what, if anything, can be done. Human renewal is an essential means to revitalizing the industrial city; it is also the only valid reason for doing so. But it must include more than creating jobs. Who gets them is important.

REVITALIZING THE CITY THROUGH HUMAN RENEWAL

We have described a series of dilemmas. What have cities done—and what are cities to do—about them? As the focus contracts from the national to the local level, a new dimension is added. Not only must human beings be renewed, but they must be renewed in place. To prepare an individual to move elsewhere to compete successfully there does not reduce a city's problems; it adds to them. Those left behind are, on the average, made less promising than those able to leave. Economic renewal, physical renewal, and human renewal must occur simultaneously. Because of the inward-turning focus, the emphasis on economic development has shifted from convincing outside industry to relocate to encouraging local enterprise and innovation. What are the prospects for economic development of the industrial city and how does that relate to human renewal?

Human renewal is essential to the revitalization of the industrial city, yet that revitalization is not essential to renewing the lives of the central-city population. That paradox comes about because most cities depend upon importing the human resources of the suburbs. A city can prosper 8 a.m. to 5 p.m. on that basis, but it can hardly be said to have vitality. Any new business not attached to and dependent upon the corporate headquarters and financial institutions that are the economic heart of the city will be drawn toward the suburbs, where its owners, customers, and key employees reside. Hotels arise

to house and feed the affluent visitors flowing through the corporate and financial centers. Convention centers attract other free-spending visitors to those same hotels. Neither have much attraction for either the central-city resident or the daily commuter. More continuously attached are the growing numbers of homeless transients attracted by the overflowing garbage containers. A few well-to-do incarcerate themselves in luxury apartments or rehabilitated fashionable enclaves. The majority of the city's residents are essentially detached from its economy.

The central city

There are four possibilities for the central-city underclass: (1) leave them as they are; (2) create jobs to fit them; (3) fit them for the existing or emerging jobs; and (4) provide reverse commuting opportunities in the suburbs. But those cannot make equal contributions to revitalization. The city can achieve vitality only when its residents are at the economic heart. That depends upon their attaining the skills and characteristics necessary to function at the core of that economy, not at its periphery. No one knows what is really required to revitalize a city. Boston and Philadelphia seem to have risen at least in part on the development of the tourist attractions of their historical sites. Other cities have attracted tourism without historical sites: Baltimore's Inner Harbor, Pittsburgh's Renaissance I and 2, Chicago's Magnificent Mile, for example. Beyond the internal tourist attractions, the newly emerging jobs accessible to central-city residents are more likely to be the familiar ones in hotels, restaurants, trade and business services supporting the city economy's central focus.

Boston claims to have been rebuilt by its high-tech proclivities. Yet less than 10 percent of the jobs created there in the past few years have been in that elusive arena.[4] A strategy to attract high-tech firms has been employed far and wide in the belief that these firms are less vulnerable to business cycles and foreign competition than is old line manufacturing. But attracting high-tech industries as a way to revitalize the industrial city is a strategy full of danger. These are industries of emerging technologies and unstandardized production processes. Their propensity for highly educated labor makes their usefulness to central-city job creation suspect; space requirements and land values make central-city locations questionable. Further, the permanency of the jobs generated in such firms is of concern. As the production processes become standardized, the very jobs obtainable by those without higher education often flee elsewhere in the face of low-wage competition. Key in creating jobs by attracting high tech is conscious diversification among sectors and types of job activity—manufacturing, service, administration, research and development. The locality attracting only the manufacturing function is vulnerable to low-wage competition over the longer term.[5]

Universities, with their research spinoffs, today are among the most important generators of jobs. If there is open space near the university, those jobs may emerge in a research park nearby. That rarely occurs in a central city. If there is no space near an urban univer-

4. William J. Donovan, "High Tech Overrated as Driving Force of Bay State Economy," *New England Business*, 7(7):45 (15 Apr. 1984).

5. Edward J. Malecki, "High Technology and Local Economic Development," *Journal of the American Planning Association*, 50(3) (Summer 1984).

r, those jobs too are likely to migrate a beltway. Noteworthy exceptions to rule exist. For example, the Univer-City Science Center in Philadelphia, ned by a consortium of 28 universities l colleges in the Delaware Valley, has ovated existing central-city buildings its office space. Begun in 1963, the ration now employs over 6000, with -third of the employees having a h school education or less and re-ng in the surrounding central-city ghborhood.[6] While it is on the edge the city rather than downtown, the iversity of Utah's Research Park now a larger payroll than that of the e's threatened major steel mill or t paid by the nearby copper mine ore its recent closing.

Similar efforts at job creation through ployer creation reflect a partnership ween public and private sectors. In ron, Ohio, for example, the city chased an abandoned warehouse as te for a small business incubator. Job ining Partnership Act and Emergency s Act funds were used to provide or to rehabilitate the building. Appli-ons from new small-business entre-neurs are reviewed by the Private ustry Council, the Small Business itute at the University of Akron, and Service Corporation of Retired Exec-es, entities that also consult and aid new enterprises. The periods of stance provided are based on the ential number of jobs to be created. ilar projects in other cities are the St. l Home Grown Economy Project, falo Incubation Industries, and Chi-o's Fulton Carrol Center, which ses 25 companies and 450 jobs.[7] All hese create as a by-product some jobs accessible by central-city residents, but those jobs for which these economic development efforts are intended are beyond the reach of the urban under-class.

Whatever the prospects for further growth, there are already more jobs than residents in every central city. Many of those jobs are the rudimentary ones that are already performed by central-city residents, whether longer-term residents or the new immigrants. Other jobs are the more attractive ones held—in the less-developed-country im-agery—by expatriates. Less developed countries abroad can be divided between those with labor surpluses and those with labor shortages. The latter, oil producing and of small population, have as their first manpower priority nativ-ization—replacing expatriates with newly educated and trained natives. In the majority of cases, where labor surpluses exist, the replacement of expatriates is of second priority, after employment creation. But nativization is usually a close second because there are always some attractive jobs held by foreigners.

In the U.S. central-city case, however, the attractive jobs held by expatriates customarily exceed the size of the central-city work force. Nativization has not been pursued because the task is so difficult, because the skill gap is so wide, and because there is, obviously, no suburban political support for the policy or sufficient resources for the city to achieve it on its own.

It is too late for the short run to stop the central city from becoming a ware-house for female-headed families. The statistics are too familiar: 30 percent of central-city families with children are female headed; 63 percent of such families are in poverty; an increasing proportion of children are born to teenagers, over

6. Candace Campbell, "Hatching Small Busi-s," *Planning*, 50(5) (May 1984).
7. Ibid.

half of whom are single mothers; only 40 percent of central-city male youth are employed, yet relatively few are in school; two-thirds of youthful workers are unable to earn an above-poverty income; the families and individuals who do achieve stability and economic success are moving out; immigrants are moving in to take the low-level support jobs.

The number of central-city residents supported by illegal and underground activities is grossly exaggerated. There is not that much money around to be garnered either criminally or surreptitiously. After employment, the next largest source of income is various doles—in cash or in kind.

That is not to say that the dole creates the problem. The social malaise is of deeper origin than that. But it does not contribute to independence or to either human renewal or economic revitalization. Neither can that dependent population achieve self-sufficiency on its own, whatever the cause of its present circumstances. Subsidization must continue until self-sufficiency is achieved, but it must be in a form that contributes to self-sufficiency through preparation for and access to the better jobs now held by expatriates. One factor that gives the situation hopefulness is the small size of the numbers involved. For instance, of central-city residents between the ages of 16 and 19 in 1980, fewer than 200,000 were unemployed whereas 360,000 of them were out of the labor force but not in school, the primary labor market malady for that age group in those settings.

Income from work

The first step should be restoring the tradition that work is the only substantial and low-risk source of income. It is worth remembering that it was only when the aftermath of the baby boom accompanied by massive family breakup collided with the welfare system during the 1960s that public assistance without work effort became widely available to the non-elderly and nondisabled. It is unreasonable to believe that young women seek pregnancy just to gain access to the benefits of Aid to Families with Dependent Children. It is not unreasonable to suspect that fear of pregnancy as well as family control over the newly fecund is reduced by such availability. It is also not unreasonable to suspect that young men sow their wild oats with greater abandon when they know someone else will support the resultant youthful mothers and babies.

The Reagan administration has tried to follow up on this suspicion by persuading the states to dispense welfare only through workfare, requiring adult beneficiaries of Aid to Families with Dependent Children to work for their benefits; but the states have been more realistic. Realizing that economic independence cannot be bought on the cheap, the workfare policy has been widely ignored. The Carter administration was more realistic than its successor. It accompanied its Better Jobs and Income Welfare Reform proposal with a request for funds to support 1.4 million public service employment jobs to offer as an alternative to welfare recipients.[8] They knew it would be more expensive in the short run to employ the recipients than to warehouse them, but the times and budget status were such that the work alternative could be pursued. Now the directive goes out to require welfare recipients to work for their benefits

8. U.S., Congress, Joint Economic Committee, *The Program for Better Jobs and Income: A Guide and A Critique*, 95th Cong., 1st sess., 1977.

while cutting support budgets. A few political entities have done an outstanding job of turning workfare into a learning opportunity for a relatively small number. Baltimore's options program is one such example. It involves a written contract stating condition and expectation between the city and the welfare recipient and provides outreach services. It has achieved an impressive entered-employment rate.[9]

The elimination of any alternative source of nonwork income accompanied by adequate numbers of real jobs supported by day care—which itself provides jobs—and remedial education and training could, over a generation, make a marked difference in the vitality of the city population. But it would be expensive and require a longer and more patient commitment than our society has thus far shown.

In a survey we conducted of central-city employers in New York City, Cleveland, Louisville, and Denver several years ago, we found a consistent story.[10] For jobs that had no particular education requirement, these employers had no complaint about either the abilities or the performance of their youthful central-city employees, except for tardiness and absenteeism, a complaint no less for suburban employers of youth. Neither did they consider the minimum wage to be an obstacle. The small employers, however, tended to rely primarily on the members of their own families. All employers preferred adults to youth as long as they were available, and women and adult immigrants were competitors for the same jobs. There just were not enough jobs to go around at that level. Neither the central-city youth nor the central-city adults had the education, training, or experience to compete for the jobs held by suburban expatriates.

In the same study we found relatively few youths to be obtaining substantial income through sub-rosa sources. A policy to make income available only through work-connected channels would require vigorous law enforcement to increase the risk and reduce the attractiveness of illegal channels. Crime, however, really does not pay that well and requires extraordinary skills for substantial success. Realistic access to attractive jobs would lend substance to risk aversion.

Work and education

The Summer Youth Employment Program under the Comprehensive Employment and Training Act provided 93 percent of the increased employment opportunities for nonwhite teenagers between 1980 and 1981, only to see its budget cut sharply after that year.[11] Under the Youth Incentive Entitlement Program (YIEP), a component of the same act, youth were provided with summertime and part-time jobs in return for their commitment to return to or to continue in school.[12] Despite subsequent criticisms, both of these programs achieved significant success. Substantial

9. Manpower Development and Research Corp., "Welfare. The Impact of the Reagan Administration on Employment and Training" (Paper delivered at a conference sponsored by the National Council on Employment Policy, Washington, DC, 17 June 1983).

10. Garth Mangum and Stephen Seninger, "Central City Employment Opportunity Study" (Report submitted to the Office of Program Planning and Evaluation, Community Service Administration, by the University of Utah Research Institute, 1981).

11. Andrew Hahn and Robert Lerman, *What Works in Youth Employment Policy* (Washington, DC: National Planning Association, 1981), p. 76.

12. Taggart, *Fisherman's Guide*, pp. 140-41.

numbers of out-of-school public service employment participants moved on to regular jobs while high proportions of YIEP recipients did stay in school.

At the same time, in a few places and a few schools, the combination of charismatic education leadership, firm discipline, and employer involvement with the schools persuades substantial numbers of students that learning is worthwhile. Central-city youth tend to lack the access routes to good jobs that are supplied by employed relatives and friends in other settings. Nevertheless, those persuaded to remain in school do appear to succeed despite that handicap. There is no magic formula. The Boston Compact and Philadelphia Academies programs appear to operate successfully on the YIEP philosophy, although with private employers providing the job offers in much smaller numbers but with similar or even greater success. The Boston Compact seeks to improve school-to-work linkages. In return for the school system's guarantee of its graduates' competencies, the career passport, major Boston firms agree to hire the products of the Boston public schools. A full-time career specialist in each school coordinates linkages to the business community and teaches job-search skills. Kids in the school district, where 50 percent historically have not graduated, begin to see jobs as the reward for graduation and increase their work effort accordingly. At the one-year follow-up of the 1984 graduating class, 87 percent of those with full-time jobs located their jobs through the compact.[13] The compact has recently entered an agreement with unions in the area to increase the school districts' graduate share of new apprenticeships by 5 percent per year and a pact with 25 universities and colleges in the area to raise the number of entering Boston blacks by 5 percent per year.

The Philadelphia High School Academies are vocationally oriented schools targeting students who, because of poor attendence, limited academic skills, and other circumstances, do not qualify for regular vocational education programs. There is a partnership between private employers and the schools. The business community provides an administrator for each academy and a coordinator for the overall program as well as specialized equipment, supplies, and job slots at company work sites. The school system supplies the facilities and teaching and administrative staff. In a school system with a 49 percent dropout rate, less than 1 percent drop out of the academies. Though few of the 80 percent minority students have achievement test scores above the thirtieth percentile, 85 percent succeed in finding a job after graduation.[14]

The heavy concentration of the Philadelphia program on remedial basic-literacy skills as well as technical skills and attitudinal change illustrates another problem that must be addressed. While, as noted earlier, central-city employers do not find the educational attainment of youth an obstacle for rudimentary jobs, it is an almost impregnable barrier to access to the types of jobs essential if the city population is to participate at the heart of the city's economic activity.

13. Excerpts from remarks by William Spring, vice-president for community affairs, Federal Reserve Bank of Boston, given at the National Center for Research and Vocational Education, Columbus, OH, Oct 1985

14. Ralph Widner and Associates, "Establishing a High School Academy Program" (Report to the Center for Corporate Public Involvement of the American Council of Life Insurance and Health Insurance Association of America, Washington, DC, 1985).

Those raised in the city as well as its immigrant newcomers must be the target of remedial basic-skills programs tied to employment opportunities to provide incentive. Recent research has demonstrated that summers out of school for those from educationally deprived homes are a source of substantial retrogression in literacy. Basic-skills reinforcement in summer youth employment programs has been advocated as a solution.[15]

Education is important for its content, but, more than that, those who work well in school work well on the job. With the right appearance, credentials, abilities, and with equal employment opportunity enforcement, they can compete with the commuting alternatives. But they soon disappear from the city residential setting like most of the successes who preceded them. The emergence of yuppie enclaves in rehabilitated housing, however, is indication that when a critical mass in numbers is achieved and the real estate market incentives are attractive, revitalization of the city as a residence as well as a source of jobs is possible.

Reverse commuting has limited possibilities. Because of a shortage of youth in the suburbs willing to take low-level jobs, suburban grocery stores in the Washington, D.C., area pay the public transportation costs for central-city youth willing to commute to jobs as baggers. But those are the same types of jobs some—though fewer—of them can get in the city. In both city and suburb, access to decent jobs is still a function of education capped by grooming and other characteristics of acculturation.

15. Paula Duggan, *Preparing for Employment: Basic Skills and Summer Jobs* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, forthcoming).

THE POSSIBILITIES

All of this rhetoric suggests some policy possibilities.

For central-city youth

For youth in the central cities, policy options include the following:

1. Replace static income maintenance with guaranteed public service employment opportunities.
2. Recruit employers to give priority to the employment of urban youth.
3. Accompany both public and private jobs with remedial basic education.
4. Provide the resources and teacher incentives to upgrade the schools.
5. Tie job guarantees for youth to school attendance.
6. Either maintain year-round schooling or accompany summer employment with remedial education to minimize backsliding in learning.
7. Make nativization an explicit policy, not by prohibiting commuters, but by preparing city residents for higher-level jobs and persuading employers to give them preference.
8. Support these policies with aggressive anti-crime enforcement and anti-pregnancy persuasion.

All of this would not negate the desirability of economic development, but could proceed without it and is more important than it. To the extent the remedial employment and education succeeded, the city would be revitalized by human renewal. The process would take generations, but so has the creation of the problem. It is worth remembering that we are now into the third generation following the Ford Foundation Grey Areas Programs of the 1950s and the second generation following the 1960s'

war on poverty. The resources required would be substantial. Federal support would be essential to the replacement of the dole with employment opportunity. Strengthening and reorienting the Job Training Partnership Act contribution, particularly through the Summer Youth Program, would be important. Beyond that, local resources with sufficient private sector commitment could carry the load.

We cannot, however, express any great optimism that the public mood exists for the sustained commitment required.

Renewal for the new immigrants

The other two human-renewal challenges are less forbidding. The new immigrants are not as repelled as the central-city youth by the level of job opportunities available to those of limited backgrounds. As noted earlier, for many, if not most, neither the jobs nor the residences are worse than that to which they are accustomed. Some had substantial skills and favorable positions in the lands of their origin. Their primary need is language skills, and as a result English-as-a-second-language components of federally funded employment and training programs have been highly successful.[16] The remainder of the population is drawn from the most ambitious of the peasantry. The adult generation was prepared for the sacrifices that brought them here. The key to the success of the next generation will be the strength of the family unit. They will be buffeted by the same forces that defeated those now warehoused in the city, but the same prescription for the future will fit them as well.

Replacing the displaced worker

The displaced worker is primarily a suburban phenomenon. It is painful but only one generation deep. If by the term we mean all of those laid off from a job to which they will never return, there are over 5 million.[17] If we mean all of those who will never again attain a job paying near to what they were earning, the number is reduced. The displaced from the auto, steel, and mining industries are not the norm. They are unlikely ever in their working lives to find new jobs at their former wages. But most were displaced from jobs with more modest wage levels. Once they are reemployed, their earnings declines are consequences of seniority loss. They are having to start over at the bottom in comparable industries.

It is here that economic development is essential, both to absorb the displaced and the coming generation and to provide suburban job opportunities to commuters if nativization of the central city takes hold. But the suburbs are also the attractive locations for economic development. It is there that the most valuable of human resources reside. It is largely there that innovation and enterprise take root. It is there that the family, though weakening, is at its strongest. It is also there that the political efficacy exists to demand, support, and achieve human renewal, as note current demands for educational reform.

Retraining is a necessary complement to economic development in addressing

16. Sar Levitan and Garth Mangum, eds., *The Tin CETA* (Kalamazoo, MI: W. E. Upjohn Institute for Employment Research, 1981), pp. 340-41.

17. Paul Flaim and Ellen Sehgal, "Displaced Workers of 1979-83: How Well Have They Fared?" *Monthly Labor Review*, pp. 3-16 (June 1985).

the needs of the dislocated worker. A couple of noteworthy programs, among many, can be mentioned. California, through its Employment Training Panel and financed by surplus unemployment insurance funds, has had a commendable record of retraining dislocated skilled blue-collar workers. In two years, the program has placed some 3000 workers in jobs averaging $7.82 an hour with average costs of approximately $3500 per placement.[18] The state of Ohio, under Title 3 of the Job Training Partnership Act, has recently run a year-long program in three metropolitan areas preparing dislocated female workers and homemakers for nontraditional jobs in blue-collar apprenticeable trades. Preliminary results indicate high placement rates and average wage rates well above that of nonparticipant comparison groups. Pre-plant-closing notification legislation and preclosing employee assistance programs are additional potentially desirable steps in addressing the dislocated-worker problem.[19] But this effort also must be buttressed by remedial education programs if these predominantly manual workers are to achieve access to the more cognitively oriented jobs that offer decent pay in the emerging work place.[20]

18 *Business Week*, 28 Jan. 1985, p 76.

The challenge

The challenge is the central city and its underclass. The number of people is small enough that a heedless policy could ignore them. It is a gratifying mark of public conscience that the issue does not drift totally from the public consciousness, but that still does not mean we are likely to put our money, effort, and commitment where our conscience is.

19. Stephen Mangum and Patrick Leung, "The PREP-Ohio Training Program: A Six Month Review" (Report to the Ohio Bureau of Employment Services, 1985).

20. Paula Duggan, *Developing Adult Basic Skills for Employment* (Washington, DC: Northeast-Midwest Institute Center for Regional Policy, 1985).

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QUESTIONS AND ANSWERS

Q (Daphne Spain, University of Virginia, Charlottesville): I find conspicuously lacking in your challenge to human renewal two key issues in your concern for female householders. One is that while the job-training act and the Comprehensive Employment and Training Act have trained women for typically low-paid jobs, the women are being trained for the clerical and health care jobs that will never be able to get them out of poverty as long as they are the sole earners for their households. Second, day care would be a fairly simple solution to these women's problems. When we have over 50 percent of all mothers in this country working, I see no reason why we do not have a national day-care program in the same way that other industrialized countries do. This absence penalizes female householders who are white, divorced, and middle class as much as it does the lower-income female householders. The latter have even fewer resources, though. For instance, perhaps if Philadelphia's proposed convention center had included a free day-care program for its employees,

the lower-income people would have been more willing to accept the lower-paid jobs.

A (G. Mangum): Day care not only makes it possible for women to take jobs; it creates jobs that some of the women themselves and others could take. We have passed the time of seeing much help from Washington in that regard, however, and the question really boils down to what we are going to do in our own communities to add the resources to make that kind of thing possible. I mentioned the cost-benefit ratios of training programs. Programs that are over 40 weeks long have about five times the payoff of programs that are 26 weeks and shorter. Doubling the length of the program more than doubles the payoff of the program because once a program exceeds the equivalent of two academic years of training, it prepares its clients for higher-level jobs. But getting a legislature to dole out the money for the longer programs in this kind of world is exceedingly difficult.

Q (Gloria Roemer, Clifton, New Jersey): I want to address your concern about the children of the new immigrants going into the warehousing situation of the inner city. It would seem to me from my observations of some of these new immigrants that the pattern of these people as it affects their children is very similar to that of the Eastern European immigrants. The Eastern Europeans wanted to make sure that their children received an education and did not have to fall into the same quandary that they had found themselves in when they came here without the language of the land, skills, or much in the way of resources. By and large, the children of the new immigrants will not fall into that warehousing situation. They receive the family resource that the children in the warehousing communities today have never had.

A (G. Mangum): I hope you are right. One thing that gives me a little pause is to compare the Cuban with the Puerto Rican experience. It is really a question of what happens to the family in the next generation. Whether those families stay together in two-parent units in the next generation may be the critical issue.

Q (Hendrik Koning, Philadelphia, Pennsylvania): There are successful models for training. Unfortunately, the funding tends to be short term and will not cover the $20,000 or so needed to implement the program. How does one generate enough political influence to get this accomplished? The only successful way so far has been riots.

A (G. Mangum): I wish I knew the answer to your question because we have all wrestled with that for many years.

The Job Corps, for example, is a very small program. We have demonstrated year after year a cost-benefit return of about $1.40 on the dollar in that program. Almost every year it is attacked and is slated for extinction. It is always a cliff-hanger. Each time, it is saved, but it is cut back.

The problem is in persuding a Congress or a legislature to come up with the needed funding. In the 1960s in Washington we had a momentum going; at least we could realistically talk about spending money on such programs. The productivity increases in the country were higher then. We were having roughly a 3 percent annual increase in average per capita income, and a little bit of that could be sliced off for antipoverty programs with-

out such spending being the kind of zero-sum game it has become today. To do something for one you must take something away from somebody else, and politically that is very painful.

COMMENT (Koning): I did not want to be facetious in saying that a selective riot seems to be a solution, but it is a fact that the Boston Compact and even our efforts in Philadelphia started out of fear, not out of studies. So often what I hear in academia is that there should be another study. I question whether another study will change our minds. Human renewal will never take place unless it becomes part and parcel of the expression of the political parties that they do something about human resources. What will it take to start human renewal and end the warehousing process, short of acting on fear? You said that our country's productivity is low now, compared to that of other countries. That may be a point for concern.

A (G. Mangum): I wish I knew the answer. We have just gone through the experience of having the Utah state legislature cut out the entire adult education program. It was a program that was working very effectively in providing education in English as a second language to many of our new immigrants. As an economist I can calculate cost-benefit ratios that ought to make any bank anxious to loan money to that kind of program. Persuading a legislator who represents a suburban or rural constituency to do something about a relatively invisible group as long as it is not stirring up any trouble is not likely, however.

Q (Richard Caputo, United Charities of Chicago, Illinois): I have three comments and questions regarding three areas that I would like you to address, if possible. One is based in part on the Chicago experience. More urbanites are coming back into the city. It seems as if the process of regentrification has been going on for some time now in Chicago. Whites coming back are, in essence, displacing some of the unemployed or people who are going through Job Training Partnership Act programs and the like, moving them out into the suburban areas. I understand that this suburbanization is less than desirable because some of the jobs that have been out in the suburbs for years are now disappearing. My understanding is that nationally regentrification will have the same pattern. The vast exodus, particularly of whites, from the inner cities will be reversed, and one of the effects of that process will be to displace economically disadvantaged people in urban areas that are primarily black.

COMMENT (G. Mangum): You mean we are going to decentralize the warehouse, but we are still going to warehouse them.

COMMENT (Caputo): That is right. Another concern relates to the work ethic. In the Great Depression and the post-depression era, there was much more effort on the part of the federal government to be involved. There was at least some attempt at job creation, which is noticeably absent from many of the job-training, manpower types of programs currently in existence. Job creation is something that would be inextricably entwined with any job-training program. It seems that we are leaving too much to a market that simply does not have the capacity to respond to the magnitude of the unemployment problem, particularly in urban areas.

Third, there are no studies sufficient to give us a clearer indication of what

the relationship is between people who receive public assistance and their work experience and continued employment. A recent study out of Michigan indicates that people are moving in and out of the welfare rolls and that by and large there are only about 3 to 5 percent that we might term hard-core unemployed. It indicated also that, by and large, people do work and want to work. Elsewhere it has been pointed out, for example, that many black families—and particularly women—have had a history of work and that the problem becomes not one of willingness to work, but rather the availability of jobs. The single most important factor concerning whether one stays on or off the rolls would be the job opportunities available to another individual in the same family unit.

A (G. Mangum): We have experimented enough with job programs and public service employment to know that they can be successful. A very serious mistake was made, however, in the Carter administration when the number of public employment slots jumped from about 300,000 to 750,000 in one nine-month period. There was so much pressure to fill those slots that a lot of ineligible people ended up in them, and then the *Reader's Digest* wrote that famous article, "CETA is a Four Letter Word." Such a bad image grew up around public service employment that it could not even be considered when it came to the Job Training Partnership Act. It was tough even to save the Summer Youth Employment Program because there was such a bad image built up in Congress around public service employment.

The same thing was true with stipends. One of our problems with creaming—enrolling only the best prepared of those eligible—and the Job Training Partnership Act is that there are no stipends and therefore those who do not have anybody to support them cannot take training.

Before work can be required there must be opportunities for employment. The work-ethic question is not just the question of the adult generation. It is the question of the oncoming generation.

Q (Yale Rabin, University of Virginia, Charlottesville): I think there are two elements that are important in this discussion of renewal and why we are not as successful today in producing a model that is similar to the one of the 1930s. There is an enormously strong ideological component. Certainly, during the 1930s, there was widespread recognition and acknowledgment by government as well as by everyone else that those who were unemployed were unemployed due to circumstances beyond their control. There was an enormous need for government to participate and to contribute to efforts to provide an interim way of providing employment. In addition, there was a commitment to supporting all kinds of activities, not just collecting trash and supporting artists and musicians. The idea was to support everybody who was in need in doing all kinds of socially useful and productive things. Very similar conditions exist today—that is, people find themselves unemployed as a consequence of conditions beyond their control. The government is not only unwilling to recognize these conditions, but literally promotes a myth that denies this reality. What assists in promoting this myth is the kind of geography of income and race that we have created. Most of us do not see the unemployment. In the thirties we lived among all the people who were unemployed. We all shared the same space; we no longer do. We have divided

ourselves in a spatial way that enables the vast majority of us who are well off to live in circumstances in which we do not have to see the suffering that other people are experiencing. I think we have to overcome both the myth surrounding unemployment and spatial separation. Unless we begin to recognize the problem of the city as a serious spatial one and as a question of social spatial distribution as well as deindustrialization, we are not going to begin to address the problem.

A (G. Mangum): What you say also suggests that there may be some advantages to the fact that Washington will not help anymore. Maybe those problems can be visualized more easily at the city level and the community level than at the federal level. Maybe private industry councils, for instance, which are working reasonably well in some places, can be a mechanism for bringing together employers and representatives of needy groups in a way that can better visualize problems. In fact, to the degree that those kinds of issues can be kept out of the legislative halls and at a community level, the provision of job access may be a possibility, but, politically, it remains a conundrum.

Q (Robert Foglia, Orange County Community College, Middletown, New York): The solutions that we seem to have arrived at are micro rather than macro ones. Am I too naive to think that reindustrialization is beyond hope now? A collaboration by government, business, and academia in instituting reforms has been suggested in the literature. I am a native of Pittsburgh and go back frequently enough to see the rusted smokestacks, and I wonder if they cannot be restored, or if somehow U.S. companies cannot be more innovative and produce in a manner that is competitive with other nations. Are we to remain a colony of the rest of the world in regard to manufactured products? It seems to me that a macro approach might be better than just individual job-training programs directed at service employment.

A (G. Mangum): I am beginning to feel like an expert on dying industries because I have been spending a lot of time studying the copper, coal, and steel industries. The imports of steel from abroad are currently costing the steel workers about $2.6 billion a year in lost wages. The cost to companies is about $2.4 billion a year in lost profits. But just the Volunteer Restraint Agreement in steel, which is designed to keep steel imports at 20 percent, is costing steel consumers in the United States $6 billion a year. We could maintain a steel industry at tremendous cost to all of us as consumers. We probably can maintain 100,000 to 150,000 people employed in the steel mills, but if we want to stay above that we would do it at a tremendous cost to the rest of us. Remember that every dollar that you and I spend on more expensive steel is a dollar we cannot spend on something else, so we will transfer the job loss to some other industry to maintain the jobs in steel. Reindustrialization, therefore, is not a question of whether we can maintain our traditional industry structure, but of what industries we can move into where we can survive. If we mean survival at an American level of wages, it means that the new industries must be both capital intensive and high-skill intensive, not traditionally semiskilled or nonskilled.

Q (Fred Greenwald, Foundation for the Development of International Probation and Parole Practice, Norristown,

Pennsylvania): In the 1940s, during the war years, there was alternative service; individuals were sent to various parts of the country for service in various types of employment. I am not suggesting that this be required, but I am suggesting the possibility of an employment transition based upon such a pattern. There are spots in the country where employment is available. Would it not be possible to make such transfers to those areas? The Chinese do this. The students coming out of school are sent to the areas where their skills are needed.

In 1966 we worked on a job therapy clinic. We found that a number of offenders were habituated to unemployment and that they had developed patterns that effectively prevented them from securing jobs even when jobs were available. With some effort, group programs were established, and we began to get these people employed within six months of participation in the programs. I suggest that the question of habituation might be studied to see whether some effort might be put into trying to develop job-seeking skills and job retention skills.

A (G. Mangum): There has been a lot of work on the teaching of job search skills particularly, and such training is very important. Job search still depends on what kind of skills the individual has that make it practical to search for a job. Since most of our job search training has been attached to training for relatively low-level skills, it does not lead to the kind of income jump that can remove people from poverty.

Q (David Schuyler, Franklin and Marshall College, Lancaster, Pennsylvania): When Alexis de Tocqueville visited the United States, he was appalled by the physical condition of Washington, D.C., and he compared it invidiously with St. Petersburg. In building St. Petersburg, Peter the Great basically said that anyone wanting to be a mason had to work in St. Petersburg. Washington, D.C., was a failure as a city in the nineteenth century because it was severed from the economic basis of urban life. Tocqueville concluded that unless one is a Peter the Great, one might as well not bother with creating the capital of a great empire. I think that what made Peter the Great successful was that he had a certain degree of power with which he could compel people to look for jobs in certain areas. I do not think that that is viable in a republican system of government.

I would like to raise one other issue. Several commentators have made reference to the fact that we are moving the warehouse of our population into the suburbs. We should remember that initially, in the preindustrial city, the suburbs were the slums. The wealthiest people lived in the center of town because in those walking cities that was the most advantageous place to live.

As we face the postindustrial city, not all of this reverse suburbanization is negative. Prince Georges County in Maryland, for example, is now over 50 percent black. It is middle-class blacks who are moving to Prince Georges County in great numbers.

My only conern with that pattern, as gentrification proceeds in Washington, is that those middle-class blacks, by and large, are the beneficiaries of the federal government's largess, and I do not see the pattern that is so striking in Prince Georges County occurring in many other places in the United States. Is it possible for us to have that kind of upward mobility, to have the suburbanization

process continue in other cities as it has in Washington, D.C.?

A (G. Mangum): If you put together the pieces that made that suburbanization possible—improving educational opportunity, access to the schools and better schools, and access to jobs, then job creation, equal employment opportunity, school improvement, and equal access to schools—then it would seem that this suburbanization could happen in other cities. The number of people in this warehoused group is not large anymore. Among central city youths and young adults, aged 16 through 24, there are only 900,000 unemployed in the entire United States, but there are 4.5 million out of school or out of work. The real problem is not the unemployed; it is the group that is out of the labor force. In a nation of 250 million people, even a total of 5 million is not a big lump to swallow, but it is a very tough lump to swallow.

Q: I happen to be on the board of a steel company that has just signed an agreement with the United Steel Workers, which contemplates the elimination of a large proportion of jobs in exchange for job security. The job elimination will be accomplished through attrition and improved technology. This is not the first case of this type. Will this sort of job elimination hit all of the depressed industries, like coal, minerals, and raw steel?

A (G. Mangum): I think it must. I think we are going to see a lot of that in this year's negotiations in steel. It is the only way to save a piece of that industry. The steelworkers have always received more than the average manufacturing wage, but the steelworkers were receiving 1.3 times the average manufacturing wage in the 1960s. We went through a very interesting experiment in a period of preventing strikes. During that period of time the ratio went up to 1.95. We brought it down to 1.70 in the 1983 negotiations. Either the ratio will have to drop further, or there will have to be a greater shift to pay by performance, perhaps through performance bonuses.

Q (Don Matzkin, Friday Architects and Planners, Philadelphia, Pennsylvania): I think one problem is the perception of human beings as human resources, as commodities. That perception stands somewhat in the way of effectively dealing with the problem. Considering human labor as one might consider widgets or any other kind of element of the production economy is a problem in itself.

A (G. Mangum): It may well be, though I do not know what the economic alternative is. The Clayton Act to the contrary, the fact of the matter is that human labor is a marketable commodity.

Q (Jerry Watts, Wesleyan University, Middletown, Connecticut): Usually when we talk about public sector employment programs in the states, the programs are seen as highly marginal, given our notions that the private sector should be the primary mechanism to employ people. In many cases we overlook a tremendous problem when we talk about the issue of the black middle class. For instance, if we look at the black American population we see that it is disproportionately employed by the public sector. I could not explain the black middle class in Washington, D.C., without public sector employment. When we look at where individuals are employed in the public sector, we find that in many cases they

are disproportionately employed in social service bureaucracies. Black middle-class inclusion in the private sector may be disproportionately generated by government intervention—affirmative action—and there are a large number of blacks currently in jails and a large disproportionate number of blacks in the military. The claim that, for blacks, the private sector constitutes the authentic core of American social inclusion is highly contestable because in some ways blacks are a pariah group maintained through governmental intervention and what we might call artificial inclusion.

We need to consider the problem of how to redefine public sector employment as permanent employment, not as just way stations to private sector jobs. Public sector jobs do not, overall, constitute a private market social inclusion. We have here a tremendous cultural fight to be waged within the political culture in terms of redefining what constitutes authentic economic viability. The public sector still is seen as just a way station. In many ways the private sector has played a role in terms of permanent employment, and if it had not, the black population would have a much more marginal status.

COMMENT (G. Mangum): But is it not beneficial to have those way stations? What if we did not have them?

COMMENT (Watts): The way stations cannot account for that part of the black population that is a success. Working for the Interior Department becomes a permanent job. It is not a job on the way to IBM. We have to rethink the role that the federal government has played in black social inclusion when we say that public service jobs are just way station jobs, just mechanisms.

COMMENT (G. Mangum): It still seems to me that public service employment is a positive trend. It would be great if we could make it in one leap without the way stations. Our practical experience, however, is that for those people who now work for IBM, there was a way station of some kind of public employment. I do not refer to public service employment, which comprises subsidized jobs. Rather, to get an education to enter a civil service kind of job is a positive direction of movement.

I know of no way that the world can be remade overnight, but we have made some very substantial progress in the last 20 years in these directions. It is not the progress that we have made that I criticize; it is the fact that we seem to be stalling out in the progress.

COMMENT (Watts): All I am trying to say is that we really do have to broaden our notion of what public sector employment constitutes because a lot of the jobs that people are holding as private, middle-class, sustaining jobs are in many ways public sector jobs that are just politically determined. They are determined by the nature of political forces, but not by the internal workings of the market within the society.

When the Nixon administration cut back civil service jobs, it increased public service middle-class jobs within the bureaucracy for blacks. In many cases it was decided that blacks were a constituency that at some point down the line might be linked to a broader movement to the Republican Party. These jobs do not have the stigma of being in Job Corps jobs, but they are nevertheless government maintained. Such jobs are a viable way of bringing people into a more middle-class existence, and we use such jobs for that purpose all the time.

COMMENT (G. Mangum): In the Reagan administration we create those jobs with the defense contractors and then we can call them private jobs, but they really are not.

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The Future of Regions and Cities of Traditional Industry in Europe: Some Thoughts Drawn from the Second RETI Conference, Leeds, United Kingdom, September 1985

By JEAN MARIE ERNECQ and ALISTAIR McDONAGH

ABSTRACT: The European Community today is concerned by the decline of old urban regions. The problems of the traditional industrial cities and regions are social, economic, as well as environmental. Since its establishment, the European Economic Community has essentially undertaken sectoral policies whose effects on the regions are showing themselves to be increasingly dramatic. The last few years have seen the regions mobilize for institutional as well as social and economic reasons; the creation of the association of traditional industrial regions of Europe translates the importance of the new challenges facing its member regions. The present article, after a brief analysis of the principal problems, will suggest certain perspectives for new policies in face of these challenges.

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TWO major kinds of regional problems underlie spatial inequalities of development within Western Europe. First, underdevelopment in the Mediterranean basin or in peripheral regions existed prior to the establishment of the European Economic Community (EEC) in 1957. Second, however, a new kind of problem appeared in the 1960s, primarily as a consequence of competition from newly industrialized nations—the problem of regions such as the Ruhr, Manchester, and Lorraine, whose prosperity was founded during the industrial revolution and based on the heavy industries of coal, steel, and textiles.

Integration into the EEC exacerbated the problems through the existence of a pan-European Common Market and of rules on free-market competition laid down by the Community. Because of the concentration of declining industry, low labor mobility, and the social and political image of these regions, economic forces did not tend to generate compensatory new activities in the traditional industrial areas.

The *Second Periodic Report on the Social and Economic Situation of the Regions of the Community* is the most recent authoritative review of the relative seriousness of regional problems in the EEC. The report illustrates the continuing widening gaps and divergent social and economic trends between the stronger and weaker regions. It considers "the development and structural adjustments of the less developed regions as well as the reconversion of the declining industrial regions as the major missions of the Community's regional policy."[1]

Regional policy in the European Community, however, came in through the back door. National aid for regional policy is an explicit derogation of competition rules of the Treaty of Rome. European regional policy remains limited in effect when compared to sectoral policies—industrial, transport, environmental, and energy, not to mention the still-dominant agricultural policy—with its corrective approach and its limited finances—6 percent of the EEC budget for the Regional Fund and 6 percent for the Social Fund.[2] As with other policies, the national governments are the key determinants of regional policy, but it is the member states, and not the regions, that draw up the regional development programs.

Even if there is Community regulation, the effective implementation of regional policy depends on the administrative framework within each country. Each national government will therefore put the emphasis on different priorities, for example, on encouraging new manufacturing investments, developing the service industries, modernizing the industrial fabric, or promoting training or new communication networks.

In contrast with this European-level approach, it is now necessary to turn to the regions themselves. Regions can be considered statistically as geographical units or as delimitations of regional government units, which allow us to identify disparities between one part of the European Community and another. In France, Spain, and the Federal Republic of Germany, for instance, there

1. Commission of the European Communities, *The Regions of Europe—Second Periodic Report on the Social and Economic Situation of the Regions of the Community*, COM (84) 40 final/2 (Brussels: Commission of the European Communities, 1984), p. 1.3.

2. The Commission of the European Communities only added the objective of aiding the traditional industrial regions in 1985. During the first ten years of its existence, the European Regional Development Fund was aimed at fostering development in the rural and peripheral regions.

are powerful regional governments; in the United Kingdom or the Netherlands, there are only statistical units at the regional level.

Despite these problems of definition and, indeed, identity, there has been an upsurge of interregional associations with a trans-European character. They can be seen as common interest group responses to the regional disparities within the EEC. They include the association of border regions, created in 1971; the peripheral and maritime regions' association, created in 1973, and the association of traditional industrial regions, or Régions européennes de tradition industrielle (RETI), created in 1984.

The European Parliament, the directly elected assembly of the European Community, wishes to guarantee the democratic base of the European institutions and therefore to act as a lever against the national governments that dominate decision making in the EEC via the Council of Ministers. The parliament has therefore promoted interregional cooperation, notably at a meeting of European regions in Strasbourg in 1984, the year of reelection of the members of the European Parliament. The resolution called for greater participation of the regions in the decision-making processes of the Community. In the same direction has been the creation, in 1985, of a newly founded association called the Council of European Regions, which ultimately hopes to become a kind of European senate, alongside the European Parliament.

RETI must be seen against this background of regional disparities and of a growing regional movement in Europe. It includes such regions as Strathclyde, North Rhine-Westphalia, West Yorkshire, Nord-Pas-de-Calais, Wallonia, Catalonia, and Piedmont. Its member regions have felt they have common aims and interests:

—to restructure the industrial base and to promote a new kind of socioeconomic development;
—to come out as winners in the third industrial revolution, by turning new economic challenges into opportunities via the integration of new technologies; and
—to build a foundation for cooperation both between the regions themselves and by increasing cooperation with the European institutions and for that purpose to constitute a European force for dialogue and negotiation.

The Leeds Conference on "new economic strategies" was the most recent official expression of the RETI standpoint. It was the second RETI conference after the inaugural meeting held in Lille in April 1984 and was attended by representatives of more than 20 European industrial regions.

BASIC PROBLEMS OF INDUSTRIAL REGIONS

In spite of the national and geographical differences between the regions, there is a common agreement that there are a great number of shared characteristics, notably:[3]

—the increasing numbers of the unemployed;
—the departure of the young and qualified members of the population;

3. Lille Resolution, in *Acts of the First Meeting of the Traditional Industrial Regions Lille 1984*, in French, by Régions européennes de tradition industrielle (Lille: Régions européennes de tradition industrielle, 1984).

—the decline of industrial sectors that dominate the regional economies with considerable losses in industrial employment, not compensated for by growth in the service industries;[4]
—the often unadapted skills and training of the available work force;
—the degradation of the environment as a consequence of heavy industry; and
—the need to restructure an urban fabric inherited from the industrial revolution.

In parallel, common difficulties in the industrial cities can be identified. First, cities are less attractive. Urban growth is today at a standstill so that cities are losing their identity and financial autonomy. Second, urban areas are witnessing a steady decline in population that, with the closure of dominant industries, has led to a falloff in municipal resources. At the same time, urbanization has spread outward, due to two principle factors linked to higher individual incomes—namely, the desire for lower-density housing and improved transport facilities. Third, a dislocation of old, established social relations and the long domination of heavy industry that has conditioned the local populations for generations have led to the sterilization of the ability to take initiatives and to a profound social crisis. Finally, the deterioration of the housing stock and public amenities and increasing social and ethnic segregations have provoked an urban crisis, particularly in the inner cities.[5]

As a conclusion to this enumeration of common characteristics, it is necessary to insist on the fact that the domination of mono-industrial production has therefore acted as a form of blocking ideology among political leaders, unions, employers, and the electorate. If, in the past, one-third of a city council could be in the employment of the city's principal industry, decisions that were counterproductive or simply not necessary for that industry would not be taken. Today, when the dominant industry is on the wane, that ideology means that political and other community leaders tend to cling to the glories of the past. Unions will try to resist change, too, because most of their power base is within the old industry. The general vision is inward looking and conservative of things past.

Policy responses at the EEC level have been primarily sectoral in nature. With no explicit legal basis in the Treaty of Rome, regional policy and urban policy have been the almost exclusive domains of national and lower tiers of government. The state of RETI's thinking can be summarized.

Industrial policy in the European Community has two aspects: an original group of measures designed to restructure specific industries, to control external and internal trade, and to control state aid; and a later group of measures designed to develop the industrial use of new technologies and to seek new outlets for existing technology.

4. John B. Goddard and Andrew E. Gillespie, "Traditional Industrial Regions and the European Communities" in *New Economic Strategies for the Traditional Industrial Regions. Second Meeting Leeds 1985*, by Régions européennes de tradition industrielle (Lille: Régiones européennes de tradition industrielle, forthcoming).

5. Umberto Battist, "General Report," in "Urban Regeneration in European Regions of Old Industry. Lille Conference 1983," by Council of Europe, Urban Renaissance in Europe Study Series, no. 23 (Strasbourg: Council of Europe, 1985), pp. 38-40.

Within the first group of measures, the control of external trade via the Multifibres Agreement has led to an increase in textile imports into the EEC from Third World countries and, hence, to a severe decline in employment in some traditional industrial regions.

In the steel sector, since 1977 a clear European overcapacity in production has appeared in comparison to world demand. Nevertheless, national governments have supported loss-making steel sectors. The disparity between supply and demand has become such that since 1981 the specific aim of EEC policy has been to reduce production capacity. Two mechanisms have been used: production quotas for each producing country, and progressive withdrawl of state aid.

Though there have been EEC Regional Fund responses to the situation created by these sectoral policies, the means available are inadequate and out of proportion to the size of the problem. How can regional development be promoted in the regions, when, at the same time, sectoral policies are eliminating the major sectors of the regions' economy?

The other branch of EEC industrial policy is directed increasingly toward support for research and development in new technologies in the following strategic priority areas: information technology, telecommunications, production technology, and biotechnology.

These policies are necessarily pan-European and not attached by their orientations to geographical areas. However—and this is a point that will be developed later—by their very nature, these programs tend to favor the already prosperous regions with existing research and development infrastructures or newly developing regions with attractive environments. This stimulus to the existing growth centers will, furthermore, be detrimental to the traditional industrial regions.

Regional policy instruments of the European Community, which include the European Investment Bank, the European Regional Development Fund, the Social Fund, and instruments of the European Coal and Steel Community, are relatively well integrated with one another in terms of their application in specific geographical areas. Their importance is relative, however, when compared to the sectoral policies, whether it be in financial or regulatory terms.

The conjunction of a cyclical economic crisis in Europe that affects all regions and a deep structural crisis has created an unfavorable climate for specificially European solutions.

On the basis of a theoretical average of 100, differences between regional situations can vary between 30 and 130. For a long time, the bottom end of the scale was occupied by underdeveloped rural regions. The voice of the peripheral regions therefore was much more able to make itself heard, and this explains why regional policy did not change its objective during the first ten years of its existence. Today it seems that the speed and importance of change in the industrial regions could even put into question the Community's ability to redistribute resources among the regions.

It appears that the regions are increasingly complementary and interdependent both in positive and negative ways. There can no longer be a north-south dichotomy in Europe, because all regions are dependent, vertically, on decisions made in Brussels or the financial markets of the world. The problems of industrial regions are as important as, but different in nature from, those of rural underdeveloped areas.

In actual practice, the political lobbying forces lined up by the interregional associations have been more coordinated and coherent than conflictual. This is because the regional groupings recognize that it is of primary importance, in the present situation, for the regions as institutions to have more say in the decision-making process in Europe. This is a precondition of the attainment of policies that take more account of the regional perspective and, above all, that are more effective.

PRESENT POLICY RESPONSES TO THE PROBLEMS

Within Europe there have been various types of institutional response to RETI's problem. Two types of operators have been developed: public sector oriented and private sector oriented.

Within the public sector we need to distinguish between institutional responses at the regional level itself and responses within the regions. The diversity of institutionalized regional bodies has already been mentioned on an oscillating scale of centralized or decentralized allocation of power within the national state.

Institutional responses within the regions have been mainly in reaction to urban sprawl on the economic dislocation of basic industries in an employment basin. The changes in settlement patterns have led to experimentation with a new intermediate tier of government and administration for these conurbations. The rationale behind such groupings has been that only such a large authority would be capable of coordinating and financing the administrative functions in its area, such as urban transport, sewage, or planning, giving the area cohesion and identity; and that only such a large authority would have sufficient political punch to resist dominant firms and to constitute a powerful lobby at the regional or national level.

The initiative for creating such groupings has come from national governments, as in the case of the major metropolitan authority of Lille in France in 1966, or the metropolitan counties, such as Greater Manchester in the United Kingdom in 1974. But the local authorities themselves may be behind such groupings, as in the association of 171 communes in the coal district of the Nord-Pas-de-Calais.

A key issue for debate at the Leeds Conference was the means by which regions and other public bodies can get involved in economic development. In Europe public bodies at the regional or city level have varied in their response between direct intervention in the private sector, as in Sheffield in the United Kingdom, and the more common establishment of intermediate publicly funded development agencies, which do not necessarily intervene directly, but act as advisory bodies or funding agencies. In the West Midlands and West Yorkshire in the United Kingdom, enterprise boards have been set up since 1980. Their prime objective is to provide risk development capital to firms in the region that wish to pursue new and profitable business opportunities. They provide a response to the shortage of long-term venture capital in the private banking sector in the United Kingdom. In the Nord-Pas-de-Calais, there is an Industrial Fund for the Mining Area, which is seen as a partnership between central government and the regional council. The fund's activities cover investment in industry, with emphasis on new technologies, training, research, and environmental recovery.

A long-running debate in Europe and in particular in the traditional industrial regions concerns the dichotomy of direct investment by public bodies in the productive sector versus investment in what may be termed, broadly, environmental factors. The pressure on scarce financial resources has required proponents of these indirect investments to demonstrate their economic profitability or impact. However, in practice, most regions and cities have seen a combination of direct and indirect policies implemented. Among the direct aids can be found the various grant systems that are meted out on various criteria. In France, for example, the criterion is based on the number of jobs created by the investment. Other policies include direct innovation policies as in Catalonia, Spain.

Among the indirect aids, two sets of policies are followed. One comprises policies to improve the image and the environment of a city or a region. These policies can be publicity, oriented toward or directed at physical changes in the environment, notably the reclamation of derelict land and buildings and the improvement of social amenities. The other set comprises policies to improve training and skills and to change cultural attitudes. Ambitious cultural policies in metropolitan cities such as Leeds, Dortmund, and Lille promote the performing arts. At a more regional level there are strong cultural policies, both to attract investors and to upgrade the local inhabitants' openness to change.

Since the early 1980s there has been an increasing shift toward what can be called integrated operations, the intention being to concentrate the efforts of different economic, social, or environmental policy instruments in limited geographical areas. Integrated operations will be a key feature of the new EEC regional policy. Indeed the whole Mediterranean Integrated Programme is based on this philosophy. But in the inner cities, too, integrated programs targeting policy instruments have become the key factors of development; one of the most valuable examples has been the renewal of the east end of Glasgow through the Glasgow Eastern Area Renewal project.

There has been a certain shift in policy approaches, which results in the crossing of two trends. On the one hand, there is an ideological trend stretching back into the 1960s symbolized by Small is Beautiful. The search for locally based micro-projects of an associative nature has spread economic activity into fields untouched before—environmental protection, cultural projects, and the like. This type of project has often failed because of lack of feasibility studies or enterpreneurial know-how.

On the other hand, a forced reaction to economic reality after 1975 in the context of the recession has meant that no region can rely on inward investment on a permanent basis, whether its source be public or private. There is also a present wariness surrounding wandering enterprises looking for financial assistance. There is thus an imposed reliance on existing resources and potential within a region or a city.

Local development initiatives have therefore received a new impetus. It must be asked, nevertheless, if they are not just a passing fashion in policymaking or if they represent a fundamentally new direction in economic development strategy. It is certain that the combination of the policy drifts mentioned earlier has produced realistic and viable economic instruments, such as the enterprise boards. Small firms can contribute to the fight against unemploy-

ment. However, the domination of macroeconomic policy will remain the determinant factor in overall regional growth or decline. Thus it is essential for the RETI regions to lobby for regionally oriented sectoral policies at the national and EEC levels and to continue to fish in international waters for a big catch.

SOME CRUCIAL CHALLENGES

Among the numerous challenges facing the regions and cities today, the present article will deal with three, which appear sufficiently important for there to be a consensus among the traditional industrial regions of Europe.

New technologies

What is new today is, first, the acceleration in the development of new technologies and, second, that these technologies cover all aspects of social and economic life.

New technologies operate in a free market—the world market. The key factors driving present economic growth—microelectronics, telecommunications, new materials, services, biotechnologies – are dominated by non-European firms, notably from the United States and Japan. Not only traditional industrial cities and regions, but the European Community as a whole, have less control of their future if these factors are subject to strategic choices made from outside—probably to the detriment of their interests.

New technologies and traditional industries. The international division of labor is not predetermined. It is the result of strategic choices for investment and research and development. Thus there are no declining sectors condemned forever; there are simply firms that are winners and losers within a given sector. Microelectronics, for instance, alters the comparative advantages of production factors, and, for example, relocation of textile production through automation is thus happening to a certain extent in Europe. The development of new processes and products in traditional sectors can, possibly, open up export markets in both the industrialized and the developing worlds.

New technologies need social acceptance. It is only where the needs of society and the individual influence directly the development of new technologies that the latter have a chance of taking off. Technological development alone is no guarantee of economic growth; market demand is necessary and, indeed, needs to be stimulated.

The issue of social acceptance is complex, especially in areas with high industrial unemployment rates. Though the introduction of new technology is seen as essential to the economic growth of the region, at least in the short run, little positive effect on employment can be expected. In this respect the ideological blockages need to be kept in mind when it is announced that a traditional industry can only survive by shedding part of its work force in favor of automation, condemning it to be technologically illiterate.

Stimulation of the demand for new technologies is necessary. But beyond this, such stimulation assumes a capacity of society to respond to the challenge, both in its institutions and in its value systems. The acceptance of change and of professional mobility, because of the shorter life spans of presently developed technologies, presupposes a cultural change. Access and receptiveness to innovation within a given social

grouping are key factors in the growth potential of a region.

Basic policy responses have so far been to stimulate technology transfer through classic technology parks, access to telecommunications networks, and so forth. An interesting move to tackle the wider social acceptance of new technologies is the Urba 2000 operation in the Nord-Pas-de-Calais, the aim of which is, via a multitude of projects, to give people the possibility of appropriating new technologies in everyday lives.[6]

Recession, economic growth and structural change

Even if there is an upturn in the European economies, there are risks that the traditional industrial regions will become detached from national or European economic trends, a paradox of decline in growth. Why?

In addition to cyclical movements in the world economy, there is a structural and long-term change in the demand for goods by the industrialized nations: a shift in demand toward high-tech products and services. The traditional industrial regions need to invest in the production of new goods and services, but adaptation is difficult because of the economic base in the very few heavy industries severely hit by rationalization. These older sectors have difficulty in keeping up with the need to invest considerable sums in research and development.

There is an increasing importance in major firms' having several locations within Europe with different production activities, implying differential regional impacts. Headquarters and research and development establishments within these firms have tended to conglomerate in the major—capital—cities and surrounding regions, as well as in the more favorable climates or social-political environments of parts of Europe—Bavaria, Baden-Württemberg, southern France. These are key areas for innovation and technological information exchanges. Manufacturing activities that even in new technologies tend to be low skilled are left to the traditional industrial regions.

The chances of traditional industrial regions' using new technologies to stimulate local dynamism are therefore weak. The risk for the cities of the traditional industrial regions is to see themselves left on the wayside of change, increasingly dependent on outside enterprises, on the redistribution of social welfare benefits from the prosperous areas to these assisted areas. The prospects on the slippery slope are stark and cumulative.

Tools for the spatial management of the economy: the need to adapt to tomorrow's Europe

No single vision of the future of the traditional industrial regions can determine their destiny. A broad range of possible futures needs to be kept in view.

Regional disparities cannot be reduced, as is the case today, by a policy of financial redistribution, but rather by a regional policy that aims to encourage the development and implantation of activities with technologies adapted to the industrial fabric of a region. Technology must constitute the key point informing future regional policies.

It is clear that the service sector will

6. "Le rapport FAST en bref," in *Le programme FAST Résultats et recommandations*, by Commission of the European Communities (Brussels: Commission of the European Communities, 1982), 1:x-xiii.

play a vital role in the development of innovation, even if it does not provide an answer to employment problems. Nobody as yet has the key to the promotion and stimulation of growth in this sector; the traditional industrial regions will have to make considerable advances in research and policy development.

Urban policy must be a policy of positive adjustment to spatial changes. Problems such as gaps in the urban fabric through dereliction must be used as opportunities for creating new jobs or restructuring the urban framework. There needs to be a greater coordination between different policymakers, particularly between planners and environmentalists, on the one hand, and entrepreneurs and economists, on the other. Thus, in the promotion of sites and premises of new or existing business, greater consideration should be given to the specification of the firms as to the sites on offer. A key to success is a clear understanding by physical planners of the nature of the new spatial demand. Public initiatives need to become more market oriented.

A city or region is not just an urban area of producers and consumers. It is, or should be, a living social fabric: the city needs to be recreated—in its centers and historic roots. The traditional industrial regions benefit in this respect from a still-existent strong social network and community-held heritage.

Report of the Board of Directors to the Members of the American Academy of Political and Social Science for the Year 1985

MEMBERSHIP

MEMBERSHIP AS OF DECEMBER 31

Year	*Number*
1975	16 923
1976	15,516
1977	14,202
1978	12,816
1979	10 884
1980	10 059
1981	9 874
1982	9,536
1983	8,904
1984	8,856
1985	4,673

PUBLICATIONS

NUMBER OF VOLUMES OF *THE ANNALS* PRINTED (6 PER YEAR)

1975	104,049
1976	101,789
1977	91 367
1978	85,605
1979	71 513
1980	65,153
1981	69,313
1982	74,211
1983	68,236
1984	52,154
1985	8,800

FINANCES

SIZE OF SECURITIES PORTFOLIO

MARKET VALUE AS OF DECEMBER 31

1975	440,450
1976	504,046
1977	451,545
1978	385,795
1979	377 915
1980	368,926
1981	351,886
1982	390,119
1983	485,809
1984	384,312
1985	369,389

NUMBER OF VOLUMES OF *THE ANNALS* SOLD (IN ADDITION TO MEMBERSHIPS AND SUBSCRIPTIONS)

1975	13,034
1976	12,235
1977	6 296
1978	8 124
1979	5,907
1980	8 751
1981	5,884
1982	7,562
1983	5,877
1984	5 230
1985	5,910

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1985

Income	
Royalty Sage Publications	$110,000
Sales of review books	840
Royalties and reprint permissions	2,850
Annual meeting revenue	7,460
Miscellaneous	9,309
Total Income	130,459
Operating Expenses	
Salaries	90,288
Payroll taxes	12,326
Pension expense	19,679
Employee benefits	2,443
Annual meeting expense	16,279
Depreciation	7,204
Insurance	3,553
Miscellaneous	15,781

Postage	2,061
Repairs and maintenance	4,797
Supplies	1,764
Telephone	2,558
Utilities	6,756
Total Operating Expenses	185,489
Loss from Operations	(55,030)
Other Income (Expenses)	
Investment income (net)	13,331
Gains (loss) on sale of investments	3,268
Grant administration overhead	11,184
Total Other Income (Expense)	27,783
Net Income (Loss)	(27,247)
Retained Earnings January 1	300,864
Retained Earnings—December 31	$273,617

Report of the Board of Directors

During 1985, the six volumes of THE ANNALS dealt with the following subjects:

January *The Insanity Defense* edited by Richard Moran, Associate Professor, Department of Sociology and Anthropology, Mount Holyoke College, South Hadley, Massachusetts

March *Our Crowded Prisons*, edited by the National Institute of Corrections U.S. Department of Justice Washington, D.C.

May *The Welfare State in America Trends and Prospects*, edited by Mayer N. Zald Professor and Chair, Department of Sociology, and Professor School of Social Work, and Yeheskel Hasenfeld, Professor and Associate Dean, School of Social Work, and Professor Department of Sociology The University of Michigan, Ann Arbor

July *Religion in America Today*, edited by Wade Clark Roof Executive Secretary Society for the Scientific Study of Religion Department of Sociology University of Massachusetts, Amherst

September *Soviet Foreign Policy in an Uncertain World* edited by John J. Stremlau Acting Director International Relations The Rockefeller Foundation New York City

November *Changing Patterns of Power in the Middle East* edited by Thomas Naff Director, Middle East Research Institute, University of Pennsylvania, and Marvin E. Wolfgang, President, American Academy of Political and Social Science and Professor of Sociology and Law University of Pennsylvania Philadelphia

The publication program for 1986 includes the following volumes:

January *Religion and the State The Struggle for Legitimacy and Power* edited by Robert J. Myers, President Council on Religion and International Affairs New York City

March *The Law and Mental Health Research and Policy* edited by Saleem A. Shah, Chief, Center for Studies of Antisocial Behavior National Institute of Mental Health, Rockville Maryland

May *From Foreign Workers to Settlers? Transnational Migration and the Emergence of New Minorities* edited by Martin O. Heisler, Department of Government and Politics, University of Maryland, College Park, and Barbara Schmitter Heisler Department of Sociology, Cleveland State University, Ohio

July *Regulating Campaign Finance*, edited by Lloyd N. Cutler, Louis P. Cohen and Roger M. Witten Washington, D.C.

September *Immigration and American Public Policy* edited by Rita J. Simon, Dean School of Justice, American University Washington, D.C.

November *Revitalizing the Industrial City* edited by Ralph R. Widner Executive Director Greater Philadelphia First Corporation, and Marvin E. Wolfgang President, American Academy of Political and Social Science, and Professor of Sociology and Law University of Pennsylvania, Philadelphia

During 1985, the Book Department published approximately 227 reviews. The majority of these were written by professors, but reviewers also included university presidents, members of private and university-sponsored organizations, government and public officials, and business professionals. Over 538 books were listed in the Other Books section.

Fifty-two requests were granted to reprint material from THE ANNALS. These went to professors and other authors for use in books in preparation and to nonprofit organizations for educational purposes.

MEETINGS

The eighty-eighth annual meeting, which was held on April 26-27, 1985, had as its subject *Changing Patterns of Power in the Middle East* and continued the tradition of our gatherings with respect to the diversity of organizations represented by delegates, the size of the audiences, and the interest displayed. Nine embassies sent official delegations, as did ten United Nations missions and five states, cities, and agencies of the federal government. Delegates were also sent by 31 American and foreign universities and colleges and 13 international, civic, scientific, and commercial organizations. More than 110 persons attended one or more sessions.

The theme of the eighty-ninth annual meeting, held April 18-19, 1986, at the Franklin Plaza Hotel, Philadelphia, was *Revitalizing the Industrial City*. The November 1986 volume of THE ANNALS contains the papers presented at the meeting.

OFFICERS AND STAFF

The Board reelected the following officers: Marvin E. Wolfgang, President; Richard D. Lambert, Vice-President; Randall M. Whaley, Secretary; Elmer B. Staats, Treasurer; Henry W. Sawyer, III, Counsel. Reappointed were: Richard D. Lambert, Editor, and Alan W. Heston, Associate Editor. The following Board Member was reelected for a three-year term. Lee Benson

Respectfully submitted,
THE BOARD OF DIRECTORS

Elmer B. Staats
Marvin E. Wolfgang
Lee Benson
Richard D. Lambert
Thomas L. Hughes
Randall M. Whaley
Lloyd N. Cutler
Henry W. Sawyer, III
William T. Coleman, Jr.
Anthony J. Scirica
Frederick Heldring

Philadelphia, Pennsylvania
1 September 1986

Book Department

PAGE

INTERNATIONAL RELATIONS AND POLITICS

MILLER, LYNN H *Global Order: Values and Power in International Politics*. Pp. xii, 226. Boulder, CO: Westview Press, 1985. $32.50. Paperbound, $13.95.

BEKER, AVI *Disarmament without Order: The Politics of Disarmament in the United Nations*. Pp xii, 212. Westport, CT. Greenwood Press, 1985. $35 00.

These books explore the function of international norms in the ordering of world power.

In *Global Order* Lynn Miller of Temple University critiques the norms of national sovereignty in the modern world. By referring to territorial sovereignty as the Westphalian system, Miller reinforces his sense that the value of the system is as temporal as the system itself; both are products of specific historical circumstances. Accordingly, the system norm can be subjected to a functional analysis of the ways in which it orders power for designated purposes

Miller's description of the Westphalian system and the challenge of adapting it to the twentieth century leads him to reflect on the relationships of purpose and organization. He then evaluates ways in which Westphalian values contend with other norms in four contemporary contexts: the search for security in the face of the destructive force available to nuclear superpowers; the problem of distributive justice, given both the economic dominance of the First World and the proliferation of sovereign states in the Third World; expanding concepts of human rights and needs; and growing awareness of our finite ecological system. Miller concludes that even as state sovereignty has become the dominant and pervasive international norm, it is increasingly dysfunctional.

Closely reasoned and wide-ranging, this book presumes prior knowledge of international relations and issues. Based on broad and humane reading, the book does not identify the scope of the literature; its reference notes are selective and illustrative, and there is no bibliography. Miller's conclusions are prescriptive and his writing sometimes didactic, but the importance of his book is precisely its functional analysis of the Westphalian norm as it interacts with and impedes alternative values in a changing world order.

In *Disarmament without Order* Avi Beker offers a cogent analysis of how the rhetoric and strategy of disarmament and arms control have cloaked contending models of inter-

national order that, in turn, have been tied to bloc interests. Beker of Bar-Ilan University was on the Israeli delegation to the United Nations from 1977 to 1982. He writes from experience and also from a close scrutiny of the rich primary and secondary sources. The result is an important scholarly monograph.

Beker's benchmark is the concept of collective security enforced by great powers that was embodied in the U.N. Charter. The requirements of security in a nuclear age forced disarmament issues to the forefront of U.N. deliberations; but discussions about disarmament cloaked alternative formulas for arranging power. With the failure of the Baruch formula for security through international control, the superpowers settled on a course that resulted in deterrence and its diplomatic counterpart, détente; the balance of terror was to be concentrated securely in their hands. That was the political meaning of the Non-Proliferation Treaty. By the time it was ratified, the General Assembly was dominated by a Third World majority that increasingly identified a bloc interest symbolized by the New International Economic Order. For this bloc, "disarmament" became a rubric for the collective assertion of sovereign power against perceived domination by the First World. The USSR gained a comparative advantage, according to Beker, as disarmament was linked to demands on the economic power of the West. In sum, disarmament has been obfuscated: the real issue is alternative norms of world order that serve contending powers. Beker incisively and Miller speculatively reinforce the importance of analyzing world order norms in relation to real-world interests.

CHARLES CHATFIELD

Wittenberg University
Springfield
Ohio

STONE, JULIUS. *Visions of World Order: Between State Power and Human Justice.* Pp. xxviii, 246. Baltimore, MD: Johns Hopkins University Press, 1984. $26.50.

PUTNAM, ROBERT D. and NICHOLAS BAYNE. *Hanging Together: The Seven-Power Summits.* Pp. x, 263. Cambridge, MA: Harvard University Press, 1984. No price.

Parallel with the proliferation of sovereign states, a prominent phenomenon of the postwar international scene has been a proliferation of global, regional, and functionally defined bodies and associations. The two books reviewed here, while in many respects quite different, nevertheless address core issues bearing on reconciling the imperatives of state sovereignty with collective international management, and they do so in ways that, deliberately or not, give shape and content to the well-being of rank-and-file people.

Julius Stone's background is law and jurisprudence. His book explores the contemporary meaning of international law for human beings and their condition—their economic welfare, liberty, and safety from nuclear destruction. The study reflects deep learning, complex analytical designs, and a deft pen. Its conclusions are, however, guarded and sensible. Stone would personally prefer more universally observed standards for the world community, but he recognizes many practical difficulties. State sovereignty is a fact of life, and usually jealously held. If states cannot be persuaded to adopt and to live by common international norms or visions, diversity, indifference, and other societal factors make the creation of a world climate of consciousness and opinion even less likely. For instance, we probably need to settle for minimum rights rather than equality of rights.

How can even modest visions be approached? Stone finds traditional international law to be mostly dysfunctional to human needs, yet he counsels against discarding the baby with the bath water. State sovereignty is a real hurdle facing humanistically oriented international law, but states remain the most viable vehicles for achieving progress. They currently must contend with interdependence, with a host of informal and institutionalized pressures from outsiders,

with a rising sense of global obligation toward the less fortunate, and they have begun to construct consultative machinery ranging from the United Nations to aid consortia to great power mechanisms for working toward the containment of nuclear weaponry.

Coming from academic political science and from diplomacy, respectively, Robert Putnam and Nicholas Bayne have crafted a fascinating account of the annual, seven-power economic summits that began at Rambouillet in 1975. Issue area, leader personality, and process interaction presentation aside, Putnam and Bayne have valuable things to say about the opportunities and limits of reconciling major power interests on trade, energy, monetary management, North-South relations, and indeed political subjects in ways that impact upon most of the international state community and ultimately on populations. They point out that what originally impelled and has continued to impel such summitry has been the entanglement of foreign and domestic politics with economic interdependence, the waning of American hegemony, and the bureaucratization of international relations. Sovereignty remains. So do personal and systemic suspicions. So do domestic constraints. But while the interdependence-autonomy dilemma remains, the pursuit of constructive interdependence as a kind of enlightened self-interest is very much part of the equation. Summits have often dealt with trends and intentions, but they have also resulted in de facto decisions of much moment. Their dynamic and results have been characterized by movement toward harmonization rather than movement in unison, engaging as they do the prestige and power of the highest authorities. In a general way, even if it has been an exclusive club, it has been one of the unquestioned influentials, helping to set an international agenda in a manner that sovereign states and their leaders, acting alone, could not.

These two outwardly disparate books can therefore profitably be considered together. From different perspectives, they draw together significant and even overarching considerations about interstate cooperation and the relatively unpretentious furtherance of a more rationalized, and perhaps rational, conduct and performance.

HENRY S. ALBINSKI

Pennsylvania State University
University Park

AFRICA, ASIA, AND LATIN AMERICA

AKBAR, M. J. *India: The Siege Within: Challenges to a Nation's Unity.* Pp. 325. New York: Penguin, 1985. Paperbound, $5.95.

GUPTE, PRANAY. *Vengeance: India after the Assassination of Indira Gandhi.* Pp. 368. New York: W. W. Norton, 1985. $16.95.

These two books in a way complement each other. Gupte takes off where Akbar ends—at Indira Gandhi's death. Both address the issue of India's internal strains and their potential impact on India's unity; and both criticize the Indian government's handling of minority demands the resolution of which they perceive as crucial for India's unity and political integrity. Beyond these similarities, the two are very different books in their approach to their subject and in their focus, style, and conclusions.

Akbar's is by far the better book—in the depth of its analysis, in its balance, and in its coherence. Though a journalist, as Gupte is, Akbar shows considerable adeptness in historical analysis. His book is divided into three sections, dealing, respectively, with the "birth of Pakistan and the survival of India," the Punjab, and, finally, Kashmir.

The theme is the efficacy of India's secular democracy in coping with the threats and challenges to national integrity presented by ethnic, linguistic, and religious minorities. The birth of Pakistan sets the stage for the basic question addressed: whether the Indian founding fathers' vision of a democratic, secular, and federal state was better suited for maintaining national unity in culturally pluralistic societies like those of India and

Pakistan than Jinnah's vision of a theocratic state based on the two-nation theory that made religion the basis of national identity and justified the 1947 partition of India.

Akbar marshals his historical evidence skillfully to demonstrate what one suspects he believed at the outset, namely, that Pakistan is least suited to preserve its unity, having been founded on a dangerous fallacy that has led inevitably to dictatorial repression of the masses, first by the landlord-sponsored military and increasingly by a coalition of the army, the landed gentry, and religious fundamentalist leaders who have served each other's interests at the expense of the people.

He argues effectively that religion alone cannot be a sound justification for the creation of a nation-state, particularly one that is multicultural. Hence, Pakistan has been buffeted from the start by ethnic strife between the politically dominant Punjabis and the discontented Sindhis, Pathans, Baluchis, and Bengalis—the latter, of course, succeeding, with India's help, in establishing the independent state of Bangladesh.

Similar challenges faced by India since independence have been overcome largely because of its leaders' adherence to principles of democracy, secularism, and federalism. It is the lack of such safety valves inherent in Pakistan's dictatorial regime that, in Akbar's view, accounts for the breakup of Pakistan in 1971 and the continuing dangers of further disintegration.

By the same token, when these principles have been respected in India—for example, in Andhra, in Tamil Nadu, and even in the Punjab—up to the 1980s—linguistic, religious, and regional stresses have been defused. In Kashmir, the day of reckoning has been postponed less because of New Delhi's response to the needs and demands of the people in this Muslim-majority state—a response Akbar finds sadly lacking in good faith, rationality, and sensitivity. That Kashmir has remained within India has been due more to the commitment of its people and their leaders to the ideology of democracy, federalism, and secularism and equally to their fear of a Pakistan that abjures such principles.

Since Mrs. Gandhi's return to power in 1980, however, the disenchantment and fears of the Muslims and Sikhs, respectively, in both Kashmir and more especially the Punjab were aroused by a growing trend toward Hindu communalism in the ruling Congress, both in the states and at the center. It was a trend that Mrs. Gandhi not only failed to stem but indeed seemed to be encouraging if not exploiting, in what appeared to many an alarming departure from the Nehru family's established secularist tradition. Similarly distressing to moderate elements in both communities was the tampering with democratic norms by New Delhi and its relations with Kashmir and the Punjab. Hence the tensions and dangers to Indian unity posed by these two states.

Despite these concerns, Akbar ends on an optimistic note overall, observing that India's past successes in dealing with such internal strains democratically and with some measure of respect for secular and federal principles have to this point far outweighed the failures. This, it is implied, augurs well for overcoming present problems.

Far less optimistic is Gupte about the ability of India's people and present leadership to adapt social, economic, and political traditions to the socioeconomic needs of a modernizing polity and a developing economy, and especially to the political need for some autonomy and cultural preservation felt most keenly by India's minorities. His pessimism stems in large part from his emphasis on the individual leader in explaining and resolving India's problems—and more specifically on Mrs. Gandhi's political personality. It is an approach wisely discounted by Akbar.

Gupte writes as a straightforward journalist, editorializing as he reports and aiming at the vivid image and the striking turn of phrase. He is short on historical analysis and long on rather dramatic pronouncements—when he says, for example, that the Congress has embraced "naked communalism," that Hindu tolerance has proved to be a "fiction,"

that Rajiv Gandhi's campaign rhetoric during the December 1985 elections was full of "venom against the Sikhs" and "shamelessly" exploited Hindu communal emotions. Thus, where Akbar analyzes and criticizes, Gupte bristles and scowls; where Akbar sees a glass half full, Gupte sees it half empty. In this respect, Gupte approaches the mold—if not the high style—of Indian expatriates to the West like Ved Mehta or quasi expatriates like V. S. Naipaul who tend to dwell on India's warts while underplaying her achievements.

A substantial portion of the book reports on the reactions of friends, "ordinary citizens," political leaders, and other members of India's elite to Mrs. Gandhi's assassination and their assessment of her leadership. The latter in particular is largely negative and clearly mirrors Gupte's own biases. It constitutes an unrelenting catalogue of Indira Gandhi's sins, which seems to endorse one fellow journalist's view that when Mrs. Gandhi died, "she left nothing behind of any redeeming value." If there is one major item in the indictment that emerges from Gupte and his interlocutors it is that Mrs. Gandhi undermined the power of the states in favor of the center.

One can hardly refute the reality of serious political failures. What I find distasteful is the tone and the simplistic assumption that the canvas of history is almost wholly an individual creation. Akbar, too, is critical of Mrs. Gandhi's policies and actions, but one almost relishes his subtlety, which is far more devastating and damning. His criticism, however, is more credible because it is balanced, well documented, persuasively argued, rich in nuance, and appreciative of historical and political complexity. It is also refreshingly free of rancor. Gupte's is unremitting, shrill, and one dimensional. The only balance provided is in his account of conversations with representatives of India's arts, such as Ravi Shankar and one or two others. It is in this area alone that Gupte recognizes Mrs. Gandhi's contribution as worthy of remembrance.

Nor is he sanguine about Rajiv's healing hand. He is inclined to see the young Gandhi's policies and pledges as a "replay" of his mother's early promise, which was eventually betrayed. His doubts extend also to the Indian people generally and their capacity for change. He ends with a large question mark about India's future, which stands in sharp contrast to Akbar's guarded optimism about the ability of Indian democracy to survive and cope with India's stupendous problems.

The main value of Gupte's book is as a document of oral history—highly personal no doubt—that presents in a lively and highly readable style a great number of on-the-spot reactions to Mrs. Gandhi's assassination and its aftermath and records various individuals' expectations about India's new leader and about the nation's prospects under the third generation of the Nehru dynasty.

Though both books lack footnotes, they manage to weave some sources into their text, though Gupte's references are much more sparse and tend to be less scholarly. He does, however, append a useful bibliography. Both are well indexed.

MARY C CARRAS

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AUSTIN, DIANE J. *Urban Life in Kingston, Jamaica*. Pp. xxv, 282. New York: Gordon & Breach, 1984. $46.00.

The third in a special Caribbean studies series, Austin's book focuses on what she refers to as the "culture and class ideology" of two Kingston neighborhoods. At first glance the work might easily be dismissed as just one more addition to a long list of ethnographic studies on selected features of Jamaican society carried out by one more European outsider. The work, however, presents an interesting departure from many of the earlier more or less culture-of-poverty-type studies of the Jamaican working class, such as those of scholars like Blake, Cohen, Hartley, Goode, and Henriques. Austin

makes a credible effort at grappling with the cultural confusions, complexities, and contradictions prevalent in Jamaican society. In so doing she correctly attributes class rivalries and clashes in cultural perspectives to Jamaica's position as a neocolonial, dependent, capitalist society.

Austin collected her own extensive ethnographic and survey data from two relatively distinct Kingston neighborhoods, one solidly inner city and working class, the other near suburban and marginally middle class. Based on these data, she argues the existence of two separate and diverse cultures—she avoids referring to them as subcultures—in urban Jamaica, each responding in different ways to the reality of its own structurally imposed circumstance. For example, among other things, the class culture of Kingston's working class exhibits a type of urban *gemeinschaft*, shown most clearly in patterns of mutual sharing and dependence that characterize the yard life of tenement housing; public airing of grievances; modes of dress that symbolize both resistance and disaffection; and distrust of the entire political apparatus.

On the other hand, the values of the marginally middle class typically emphasize privacy, diffuse social contacts, especially those that are politically useful, individual achievement, and a measure of reasoned trust in the abilities of qualified—that is, educated—leaders to "organize the affairs of the nation." At the same time, however, Austin asserts that there is a powerful, inescapable degree of middle-class hegemony over certain areas of the Jamaican sociocultural order. This middle-class domination is reinforced and legitimated by a dominant class ideology that seeks, first and foremost, to subordinate and undermine the culture(s) of the weak and dispossessed. The dominant middle-class ideology, for example, underscores formal education as the essential imprimatur or qualification for placing individuals in socially useful or productive positions. It is an ideology to which even the poor and dispossessed subscribe; hence the hegemony of middle-class culture.

The analysis of this important ideological component makes this book an important contribution to building further understanding of the peculiar social and economic position of Jamaica's black native bourgeoisie vis-à-vis the old wealthy, basically white expatriate aristocracy; the newer commercial class, such as the Chinese, Syrians, and the Lebanese; and the black peasantry and urban proletariats. It is essentially the nationalist class that in the absence of property has, by and large, become not only the professional elite—doctors, lawyers, and teachers—and the managerial and service workers, but also the leaders of the political state. To have achieved this required a belief system—an ideology—that has emphasized education and qualification over property, wealth, and skin color. It has also meant, strangely enough, establishing a fair amount of social distance between themselves and the poor uneducated black masses—those with fundamentalist religion, "irreversible socialization," and an altogether dissolute culture.

If one views ideology as the projection of specific beliefs that promote and protect specific class interests, as Austin obviously does, then the ideology of education has become, in the contemporary Jamaican setting and perhaps in much of the English-speaking Caribbean, an important middle-class cultural weapon used against both the light-skinned propertied class and the black poor. The essence of the ideology is that an educated person should be treated with the utmost respect by all relevant parties. In a society characterized by a persistent shortage of social and economic goods, it is education that places individuals in important patronage positions—notably in the political sphere—where they can regulate and control the flow of scarce resources.

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DOMES, JURGEN. *The Government and Politics of the PRC: A Time of Transition.* Pp. xv, 316. Boulder, CO: Westview Press, 1985. $42.50. Paperbound, $17.95.

YAHUDA, MICHAEL. *Towards the End of Isolationism: China's Foreign Policy after Mao.* Pp. xiv, 279. London: Macmillan International College Edition, 1983. Paperbound, $11.95.

These are two new college editions of studies of post-Mao politics in China, written by prominent European specialists. Jurgen Domes, director of the Research Unit in Chinese and East Asian Politics at the Saar University in Germany, analyzes the domestic politics of the succession to Mao from the perspective of the institutionalization of political rule in a "totalistic single-party system." Michael Yahuda, senior lecturer in international relations at the London School of Economics, focuses on Chinese foreign policy, analyzing the strategic and societal aspects of the People's Republic of China's (PRC's) open door to the West, and assessing the implications for China of giving up Mao's notion of self-reliance. Both studies present the results of sustained investigations by scholars of seasoned judgment and impressive intuition.

What do they teach us about politics in contemporary China?

One of the benefits of these studies by European political scientists is that they are more balanced than many American interpretations of China. Domes is more pessimistic than Yahuda about the probability that Deng Xiaoping's reforms will lead to a fundamental change in the Chinese political system, but neither study seems to suffer from the love-hate, black-or-white view of China that is more common in the United States.

Domes's concept of "totalistic single-party system" is not the same as the more customary concept of so-called totalitarianism, which focuses almost exclusively on the politics of social control. In his study of China's domestic politics, Domes assumes that Communist Party elites must be responsive to demands by significant groups in society, both in order to seize power in the first place and in order to maintain the political stability required to stay in power. He suggests that politics in China can best be thought of as linking intra-elite political struggle within the Chinese Communist Party (CCP), on the one hand, with coalitions among the PRC's citizenry, on the other.

The strength of Domes's interpretation lies in the quality of his empirical analysis of politically significant groups in Chinese society and potential social coalitions among them, and how he relates this sociology of politically active Chinese citizens to the struggle for power within the CCP elite. His approach captures much more of the dynamic of Chinese politics than do studies focused exclusively on either Party control that has been described as totalitarian or factional struggles within the CCP leadership. However, in my opinion, Domes's weakness derives from his preoccupation with the PRC as a Stalinist-type political system and from his inability to imagine how modern Chinese leaders and citizens may insist on futures other than those dictated by "enlightened Stalinism."

Michael Yahuda's book analyzes continuity and change in PRC foreign policy. Yahuda makes a distinction between what he calls the societal dimension—external relations impinging on social, economic, and political change at home—and the strategic dimension—national security considerations calculated in terms of global power configurations—of Chinese foreign relations. He argues that since Mao's death the strategic dimension has remained largely the same while societal aspects of foreign relations have changed markedly.

Yahuda is especially successful, I think, in evaluating the costs and benefits of Mao's leadership. Comparing Mao's legacy in foreign policy with China's present open-door policy, he assesses Mao's contributions and failures from a balanced perspective, falling victim neither to the current fashion of savaging Mao Zedong nor to an impulsive defense of Mao despite the facts of the historical record. I disagree with his argument that the strategic dimension of Chinese for-

eign policy has not changed. What Yahuda describes as only a "change in China's diplomatic style" I would attribute to a fundamental rejection of Mao's strategic worldview: Mao's successors have opted for a place in the global status quo through economic and political cooperation with the West instead of attempting to transform the world through broad-based radical action. Nonetheless, I think that Yahuda has written the best general interpretation of Chinese foreign policy published since Mao's death.

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PYE, LUCIAN W. *Asian Power and Politics: The Cultural Dimensions of Authority*. Pp. xiii, 414. Cambridge, MA: Harvard University Press, Belknap Press, 1985. $25.00.

This is a great book, not merely good, but great! I say this despite the fact that I disagree with one of Pye's major conclusions and regard the whole book as controversial. But it is controversial in that excellent way of being stimulating, fascinating, thoughtful, and, unlike most books by political scientists, immensely readable. Also, regardless of what one thinks of Pye's conclusions, it is clear that a tremendous amount of research and rumination has gone into this work. Pye generously credits several other scholars for inspiration and assistance and some thirty of his students for contributing to his understanding of Asia with their research and fieldwork, and indeed it would be nothing short of incredible for a single scholar to cover the cultural and political traditions of Japan, China, Korea, Taiwan, Vietnam, Malaysia, Indonesia, Burma, India, and Pakistan to the degree of depth and sensitivity reached in the study. But it is Pye himself, perhaps with the aid of his wife, Mary, whose assistance he recognizes as "critical," who has brought coherence and—usually—persuasive analysis to what, he emphasizes, are very diverse political traditions.

The book begins with a brilliant introductory chapter entitled "Asia and Theories of Development," in which Pye shows how and why political science came to hold an untenable set of theoretical assumptions in the 1960s and 1970s. These assumptions lumped Asia, Africa, and Latin America all together into something called the Third World, or less developed countries, and linked them with dependency or development theories, which, when set against Asian facts in the unfolding historical record, are clearly untenable.

Chapter 2 takes up "the evolution of Asian concepts of power," in which "ritual," "morality," "status," and "cosmic"—but not "pragmatic"—are key words, except in the case of Japan. Chapter 3 introduces the reader to three different varieties of Confucianism in East Asia. Chapter 4 is entitled "Southeast Asia: From God Kings to the Power of Personal Connections"; chapter 5, "The South Asian Subcontinent: Hindu and Muslim Power and the Rewards of Narcissism." Chapter 5 also covers the problems of narcissism. Chapter 6, "The Riddle of Japan," reveals a marvelously workable and, to Pye, praiseworthy combination of "competition and consensus." Chapter 7 is on China and what Pye sees as its tragic "illusion of omnipotence." Chapter 8 explains the economic successes of Korea, and Taiwan and the power of Communist Vietnam in terms of "forms of aggressive Confucianism." Chapter 9 finds Malaysia caught in a "confrontation of two incompatible cultures." Chapter 10 sees Islamic power, whether in Indonesia, Malaysia, or the Indian subcontinent, as having a "potential for explosion" from fundamentalist Islam. Chapters 11 and 12 generalize the diverse findings.

There is intellectual food for many seminars in this volume, and this book should be on every Asia reading list. Though brilliantly done, however, the characterizations of the several Asian cultures and their power system products are, after all, stereotypical, albeit at a very high level. One is reminded of Luigi Barzini's characterizations of British,

Germans, French, Italians, Dutch, and Americans in his inimitable *Europeans*, although Pye's research is far more thorough. And, as mentioned earlier, on one major point I would question Pye's interpretation. In short, he makes Japan too good, China too bad. To this Japan specialist, Pye, a China specialist, seems too much inclined to admire Japan's orderly pragmatism and to denigrate China's lack of it. But perhaps power is the problem, with Pye, the political scientist, keeping it always in focus, while I, as historian, am concerned with many other things.

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RAZAVI, HOSSEIN and FIROUZ VAKILI. *The Political Environment of Economic Planning in Iran, 1971-1983: From Monarchy to Islamic Republic*. Pp. xi, 194. Boulder, CO: Westview Press, 1984. $28.50.

PARSONS, ANTHONY *The Pride and the Fall: Iran 1974-1979*. Pp. xi, 160. Salem, NH: Merrimack, 1985. $15 95.

The publication of many monographs from a variety of disciplinary perspectives is needed before the cataclysmic events of 1979 in Iran can be grasped in their full historical and cultural magnitudes. Already there are a number of comprehensive studies that have sought to provide a systematic reading of the events leading to the establishment of the Islamic Republic. Ervand Abrahamian's *Iran between Two Revolutions* provides perhaps the broadest methodical treatment of the subject Nikki R Keddie's *Roots of the Revolution* has established some essential historical grounds that Abrahamian's study advanced further. To these two studies Shahrough Akhavai's *Religion and Politics in Contemporary Iran* should also be added as yet another major attempt toward a general understanding of the phenomenon.

The two volumes here under review, however, are more specific endeavors to illuminate two major dimensions of the revolutionary period: economic and diplomatic. Razavi and Vakili's book examines the political economy of Iran between 1971 and 1983, with economic planning as their major analytical tool. First, a short summary of the political events leading to the Islamic Republic is given. A history of economic planning in modern Iran is also provided, covering the period between 1949 and 1977. The chapter that is devoted to the system of economic planning in Iran analyzes the function of the planning and budget organization. Chapter 4 examines the major institutional and political difficulties that barred the full implementation of these economic programs. Chapter 5 is essentially a review of political events leading to the downfall of the shah, yet with specific emphasis on "the search for an Islamic economic system." Finally, chapter 6 analyzes the major problems facing economic planning in postrevolutionary Iran.

In their concluding remarks Razavi and Vakili address the mutual problems of planning and dictatorship. They point to the depletion of independent technocratic expertise from the state bureaucracy once the dictator assumes "increasing intolerance of disagreement"; however, they seem to exempt "the dictatorship of the proletariat" from this general assessment. According to Razavi and Vakili, the late shah's dictatorship was personal, whereas the Islamic Republic is characterized by a dictatorship of the ruling party. This is a false dichotomy, however, and does not lead anywhere. There is as much personal dictatorship, if this conceptual category that is crucial to the study is to be used, in the Islamic Republic as there was party dictatorship in the shah's regime. The two trends are not mutually exclusive but complementary. Whether institutional or personal, dictatorship bears equally heavily on any form of systematic planning envisioned for social and economic development. What Razavi and Vakili miss in their comparative study of the pre- and postrevolutionary periods is the informal and traditional basis of many apparently rational

institutions and, conversely, the systematic and rational infrastructure of many seemingly traditional trends.

On the whole this is a very valuable study of a crucial period in modern Iran, and it provides a vital economic analysis of a massive state bureaucracy on the verge of collapse. There are some minor problems that mar the text. For example, phrases like "the constitution provided him [the shah] with an opportunity to reign and no authority to rule" in neither the Iranian nor in the Shiite context of political authority means anything. A common salutatory exaltation after the name of the Twelfth Shiite Imam is mistranslated: *jjala Allah taala farajahu* is rendered "may God grant him relief"; it means "may God Almighty expediate his return." These, however, are not such major problems that a good editor could not have detected them. This volume will serve fruitfully in any course dealing with modern Iranian economic developments.

Anthony Parsons's *Pride and the Fall* is more a personal memoir of a distinguished and influential diplomat than a critical study of the Iranian crisis between 1974 and 1979. The outstanding diplomatic career of Sir Anthony in the Middle East and North Africa as well as his years in Iran as the British ambassador uniquely qualifies him to provide a wealth of privileged knowledge about the demise of the fallen king.

Perhaps the most striking aspect of this book, at least for the disillusioned Iranian diaspora if not for Western academia, is the fact that the last British ambassador before the revolution has written this account of the events that finally led to that cataclysmic event. No spicier ingredient could be added to that overcooked and tasteless salmagundi of conspiratorial theories of history that is so popular among the disenchanted Iranian diaspora. Parsons is perhaps too conscious of this mythological suspense. He devotes the starting pages of his personal record to negating precisely such figments of the imagination, according to which a grand transcontinental conspiracy between the United States and Great Britain managed to depose the shah and install Khomeini.

No folkloric culture has a monopoly of such conspiratorial imaginations. They reveal much about the inner anxieties of a culture. But the Iranian case has a symptom that, despite its concealing effects, reveals some crucial aspects of both modern Iranian history and the Iranian psyche: the grand Manichaean scheme of the supernatural forces of good and evil, beyond the reach of human power or comprehension, must surface one way or another in modern times. The frustrated intelligence of the Iranian diaspora seeks easy and ready-made explanations of the complicated interplay of many historical, social, political, and cultural forces. The bad conscience of the disillusioned intelligentsia could very well use the relieving effects of shifting the responsibility, a shift inherent in all conspiratorial rationalization of troublesome events.

To be sure, all superpowers, Eastern or Western, seek to safeguard their interests, legitimate or illegitimate, in all strategically or economically vital parts of the world. In recent Iranian history, the coup d'etat of 1953 is a recorded instance of such intervention of superpowers in the internal affairs of a Middle Eastern country. But the interests and the policies, overt or covert, of superpowers constitute only one set of factors pertinent to a revolutionary event. They are on the whole indirect elements among many more direct ones, mostly internal to a society, that together animate the political events of major or minor importance.

Parsons's book is full of insights into such diplomatic maneuvers of a semi-superpower that were crucial in the outcome of the Iranian revolution. It provides significant information on virtually every aspect of the turmoil. His extended and repetitious conversations with the shah, his analysis of the internal structure of the armed forces, his knowledge of all opposition forces, and the like provide historians and analysts of the revolution with a wealth of firsthand data.

Sir Anthony's book is an unpretentious work. His conventional wisdom, that the shah modernized his country too fast and that he failed "to outstrip the forces of Iranian reaction," gives a melancholic twist to an

otherwise vigilant personal account of the Islamic revolution: the ideological disguise of the extremities that have been the terror of the earth.

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EUROPE

BROMKE, ADAM, ed. *Eastern Europe in the Aftermath of Solidarity.* Pp. viii, 206. New York: Columbia University Press, 1985. $22.00.

MISZTAL, BRONISLAW, ed. *Poland after Solidarity: Social Movements versus the State.* Pp. xi, 167. New Brunswick, NJ: Transaction Books, 1985. No price.

Adam Bromke's *Eastern Europe in the Aftermath of Solidarity* is a useful general review of the post-World War II Polish developments in the larger context of Soviet policies in Eastern Europe, with emphasis on the rise of the Solidarity movement and its consequences. Bromke's analysis fully takes into account the elements of history, geopolitical realities, and ideological debates within the Communist bloc, among the Eurocommunist parties, and in Poland itself. Yet the most interesting and valuable sections of the book are Bromke's discussion of the Polish poltical crises of the post-Stalin era and the role of the Polish Catholic Church in them, especially the impact of Pope John Paul II's two visits to his native land, in 1979 and 1983. This brief but reliable review of Poland in the context of post-World War II Eastern Europe takes up about two-thirds of the volume. The remainder of the book consists of three analytical essays on the Polish crises made available for the first time by Adam Bromke to the Western reader. To conclude, Bromke's volume is to be viewed as a valuable addition to the growing literature on the subject.

Poland after Solidarity, edited by Bronislaw Misztal, is more focused than Bromke's book, as Misztal's subtitle clearly indicates. It is actually a specialized sociological study of the Solidarity period, which the contributors to the volume refer to as "the revolution of hope." The work deals with the events preceding the rise of the free trade union movement in Poland only briefly, by way of introduction. The main emphasis is on the early 1980s, and most of the contributors to this excellent study attempt a careful look beyond Solidarity. Their analysis of the Polish crisis of the early 1980s makes extensive use of general sociological studies of both the East and the West, Marxian as well as non-Marxian. Part 1 of the volume is made up of five essays on the general problem of social movements versus the state, dominated by a Communist bureaucratic power elite. Part 2, also consisting of five specialized studies, focuses its attention on the broader post-Solidarity issues, such as the question of the state and party legitimacy, societal autonomy, philosophical symbolism of free trade unionism in a socialist state, and, finally, Solidarity as a model for other members of the Communist bloc. This volume should be welcomed by students of Eastern Europe as one of the more stimulating theoretical works on the Polish crisis of the early 1980s.

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GRIGG, JOHN. *Lloyd George: From Peace to War, 1912-1916.* Pp. 527. Berkeley: University of California Press, 1985. $30.00.

LENTIN, A. *Lloyd George, Woodrow Wilson and the War Guilt of Germany: An Essay in the Pre-History of Appeasement.* Pp. 193. Baton Rouge: Louisiana State University Press, 1985. $25.00.

Whether David Lloyd George was, as some have claimed, the greatest British prime minister of the twentieth century is open to dispute. That he was among the most dynamic, colorful, and perplexing political

leaders of his time is not. The two books here under review share a complex protagonist and a lively literary style.

John Grigg is a distinguished British journalist who has previously published two volumes in his ongoing biography of Lloyd George, while A. Lentin, a senior lecturer at Britain's Open University, was trained as a barrister. Neither author, therefore, is an academic historian in the limiting sense of the term, a fact that may explain why neither deals in an orthodox manner with the sources he has consulted. Grigg provides no bibliography, and like Lentin he restricts his footnote citations to direct quotations from primary materials. Students unfamiliar with the extensive primary and secondary literature on the period will especially regret that Grigg and Lentin have not done more to facilitate further research.

Grigg has written an engaging account of a brief, but important, period in his subject's long career. Between 1912 and 1916 Lloyd George served successively as chancellor of the exchequer, minister of munitions, and secretary of state for war, and late in 1916 he succeeded Lord Asquith as prime minister. Grigg deals ably and extensively with a wide variety of topics, one of the more interesting of which is Lloyd George's relationship with his mistress and secretary, Frances Stevenson. His most important contribution, however, is the light he sheds upon Lloyd George's role in bringing down Asquith's coalition government in December 1916. Unlike many of Lloyd George's contemporaries, Grigg sees the government's fall not as the result of a sordid conspiracy mounted by the Welshman, but rather as the necessary consequence of Asquith's personal and political failings. Lloyd George was indeed ambitious, but he recognized what his fellow Liberal did not: that, at a time when the war was going badly for Britain, the country urgently needed governmental reorganization and decisive leadership. Grigg shows that Asquith was unwilling to provide the former and unable to provide the latter. In general, Grigg is an admiring biographer, but to his credit he makes no attempt to conceal the many flaws and contradictions in Lloyd George's all too human character. Even readers who will occasionally disagree with Grigg will find his judgments balanced and sober.

The same cannot be said of Lentin. His study of the British origins of the famous war-guilt clause in Article 231 of the Versailles Treaty is more a prosecutor's indictment of Lloyd George's disturbing proclivity toward improvisation and expediency than it is a work of dispassionate scholarship. Although the story Lentin tells is hardly unknown, rarely if ever has the case against Lloyd George been put more forcefully. In November 1918, during the coupon election, the prime minister promised the British people indemnity payments despite diplomatic pledges to the contrary; at the Paris Peace Conference he found in the war-guilt clause a convenient justification for his self-serving tergiversation; and at the close of the conference he signed a treaty that forced upon the Germans an unspecified financial burden he knew they could not meet. Each of these points is, to be sure, well-taken. Yet the conflict Lentin narrates of the struggle at the Paris Peace Conference between Wilsonian liberalism and French realism for the soul of Lloyd George is more complicated than he admits. Lentin takes Wilson's idealism at face value and ignores a significant body of recent scholarly literature that interprets Wilson's policies in terms of American self-interest and anti-bolshevism. In his concluding chapter, moreover, Lentin oversimplifies when he argues that it was a guilty conscience over the terms of Versailles that was primarily responsible for Britain's policy of appeasement during the 1930s.

Despite these reservations, those interested in the origins of the war-guilt clause will necessarily wish to read *Lloyd George, Woodrow Wilson and the War Guilt of Germany*. They will also hope that in the near future John Grigg will publish a fourth volume on Lloyd George in which he will treat with a greater sense of historical perspective the events that Lentin so vigorously deplores.

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SCHMID, ALEX P., with ELLEN BERENDS. *Soviet Military Interventions since 1945.* Pp. xix, 223. New Brunswick, NJ: Transaction Books, 1985. $25.95.

This is a useful but unoriginal historical survey of military aspects of Soviet foreign policy since World War II. Schmid and Berends, both researchers at the University of Leiden, use the term "intervention" very broadly. They use it for everything from the actual use of Soviet troops to the threat of their use, support of proxy forces, and provision or sale of military aid. Excluded, however, are Soviet use of nuclear threats and involvement in covert or terrorist activities.

The book, based overwhelmingly on Western secondary sources, is divided into three major sections. The first deals with "intrabloc conflicts." Here Schmid surveys the Soviet use of military force in the occupation of and subsequent maintenance of control of Eastern Europe and in relations with China. This is supplemented by five very brief case studies by Berends on the Soviet use of military force in the Baltic states, East Berlin, Hungary, Czechoslovakia, and on the Chinese border.

The second section focuses on "interbloc conflicts," or East-West confrontations. Schmid's 14-page historical overview touches on a variety of occasions when Soviet military forces or arms were perceived by Western observers as a direct expansionist challenge. Only a few paragraphs are devoted to such events as the successive Berlin crises, the Cuban missile crisis, and the Vietnam war. The four case studies by Berends—on the Iran crisis of 1945-46, Soviet nonintervention in the Greek civil war, the Korean War, and the withdrawal of Soviet occupation troops from Austria—are not as appropriate to the topic as those of the preceding section.

In the third and longest section, "extrabloc conflicts," or Soviet military involvement in the Third World, are examined. Schmid does a good job of concisely surveying the changes in Soviet military assistance policy over time and in the various regions of the world. For this section there is only one case study, dealing with Afghanistan.

In an epilogue, Schmid and Berends summarize the findings of the preceding sections and present several summary tables to support their analysis. They conclude (1) that the USSR is essentially the heir of the czarist military expansionist tradition and will continue to depend on military means to maintain its extended empire; (2) that the USSR is unlikely to risk an attack on Europe, even if the United States were to withdraw, and will not even achieve Finlandization due to the lack of appeal of communism in the West; and (3) that the USSR does not work according to some grand design but takes advantage of opportunities as they arise in the Third World. Since arms are its one valued export, military aid will continue to be its main, but not very dependable, means to gain influence there.

On the whole, Schmid and Berends succeed in presenting a concise but reasonably detailed overview of their subject. However, their coverage is somewhat uneven, their arguments at times naive, and their outlook strongly and sometimes inconsistently influenced by the major sources they have depended upon in different chapters. Also, it is annoying that the editor did not check the spelling and that none of the paragraphs are indented.

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SMITH, PHILLIP THURMOND. *Policing Victorian London: Political Policing, Public Order, and the London Metropolitan Police.* Pp. x, 229. Westport, CT: Greenwood Press, 1985. $35.00.

Phillip Thurmond Smith's *Policing Victorian London* presents the reader with a superb account of the London Metropolitan Police from its inception through 1868, with an emphasis on the years 1850-68. It is well written, rich in detail, and perceptive in analysis. If anyone has questions concerning policing London during this period, Smith's

treatise may well be treated as an authoritative source.

Policing Victorian London deals with roughly three topics. First, there is a discussion of the evolving need for increased social order in the face of changing urban-industrial conditions, of the obstacles facing modern police reform, of the eventual triumph of the 1829 London Metropolitan Police Act, and of the organization, recruitment, and training of officers found within this new police force.

Central to the success of the Metropolitan Police is the notion of preventive policing, which, as an operational organizational principle, was thought to guard against police officials' becoming government spies. This was an important issue inasmuch as the English had observed the development of France's secret police with some concern and inasmuch as the organization of London's Metropolitan Police transgressed local parish boundaries and stood under the authority of the home secretary, that is, national governmental authority. In short, preventive policing held out the promise that a more centralized police department would not usurp individual liberties and local governmental autonomy.

The second major topic of *Policing Victorian London* focuses on what Smith terms "political policing." He defines this as the detection and surveillance of aliens and other threats to internal security. With but a few detectives at hand, such policing was, at best, difficult to accomplish. Nevertheless, and because political refugees fled to England during this period, the fear arose that England, especially London, was becoming the spawning ground of political revolution and assassination.

The presence of these refugees in London caused numerous foreign governments to seek information concerning their activities as well as the activities of other refugee groups. At the Great Exhibition of 1851, a number of them used this event as an opportunity to send over a few of their police investigators, ostensibly to aid the Metropolitan Police in their identification of known criminals. These investigators also spent time gathering information about known London refugees and persons in exile from their countries. The ability of the Metropolitan Police to supply such ongoing information about the activities of aliens living in England to those foreign governments requesting it, both before and after the Great Exhibition, was rather limited, given its small detective force. Moreover, it seemed on occasion that the Metropolitan Police were all but completely incompetent in this area, including the handling of matters concerning their own internal security.

The third major topic of *Policing Victorian London* focuses on crowd control and maintaining the public order. Not only is this aspect of the police force's work associated with political policing insofar as it pertains to maintaining internal security and controlling dissident groups; it is also closely associated with gaining legitimate authority. By handling public gatherings with discipline and restraint, by not being drawn into confrontations by mere name-calling, by not provoking violence, and by using minimum force with sufficient officers available to avoid being overwhelmed, the Metropolitan Police gained widespread public support.

Maintaining the public order was difficult because of the uncertainties and social changes occurring during this "transitional period between the preindustrial world of the eighteenth century and the Victorian bureaucratic state based on industrial capitalism." Of special importance in this regard are the social and religious differences separating economic classes, as well as legal ambiguities surrounding the use of crown lands. These differences are clearly portrayed in Smith's discussion of police attempts to contain the Hyde Park disturbances of 1855, which resulted from the sabbatarian and Sunday legislation restricting pub hours and Sunday trading, and in his discussion of the more organized agitation of 1866-67 surrounding the passage of legislation granting the vote to the working class.

One shortcoming to this book rests, in part at least, upon the recitation of well-

known events surrounding the general evolution and development of the London Metropolitan Police covered in other works.

Another shortcoming to this volume is Smith's failure to lay bare his own theoretical biases, especially as they bear upon his assessment of the Metropolitan Police's effect on crime and Victorian stability. In noting the drop in violent crime after 1840, for instance, Smith argues that the Metropolitan Police and the law were effective in enhancing the stability of Victorian England.

> The reasons [for increased stability and the drop in violent crime] lie in the growing acceptance of the rule of law and in material possessions. To an extraordinary degree even the working classes by the middle of the century accepted the legitimacy of the legal system and were willing participants in it in defense of their own property.... There was a delicate balance, but the rulers and the ruled realized that their interests were better served if they sought justice in the law rather than in provoking political turmoil (p. 206).

These observations reflect a consensus, as opposed to a conflict model of the social order, and a rational, social-contract model of the individual. Smith's treatise, of course, contains little evidence directly supporting these observations, especially as they relate to the sentiments of the ruled. There is much evidence presented in support of the nature of political compromise. Such compromises, however, have little necessary connection to the realization of mutual interests or to the outcomes of justice through the operation of the law. Regardless of whether greater stability results from a greater consensus surrounding the rule of law, which seems to be a truism in any event, it is a long way from Smith's careful historical analysis to the more sweeping explanations offered in the last pages of his book.

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UNITED STATES

CALLCOTT, GEORGE H. *Maryland and America, 1940 to 1980*. Pp. xii, 376. Baltimore, MD: Johns Hopkins University Press, 1985. $27.50.

The American political, economic, social, and intellectual landscape has changed a great deal since 1940. One way of examining these changes is to focus on the national level; however, another method is to narrow the geographic focus to the state level. George Callcott does this in envisioning the changes that affected American society as occurring in microcosm in Maryland.

Callcott elucidates his argument of Maryland as an exemplar by using a mixture of chronological chapters keyed to gubernatorial administrations and topical chapters. He first lays out the geography of the state's four regions: Baltimore, the eastern shore, the west, and the Washington suburbs. Using this as a base, he traces the ebb and flow of population in Maryland from the watershed of World War II onward. His chronological approach traces parallel trends in national and Maryland affairs such as the rise of suburbia, the impact of the civil rights movement, and even the aftermath of idealism with Richard Nixon and Marvin Mandel.

At first glance *Maryland and America* might appear to be a work of popular history, an observation reinforced by its oversize format and numerous illustrations. Yet it is also a work of sound, well-documented scholarship based on an excellent command of the printed and manuscript sources. It also appears to be a labor of love for the University of Maryland historian. It is thus local history at its best and also, as Callcott puts it, "a case study of our times."

For all its strong points, and there are many, one point needs to be made. Callcott argues, as do many Marylanders, that the state is the United States in miniature. After enunciating his thesis, Callcott seems at times to do his utmost to disprove it. In the areas of suburbanization and race relations, for example, Maryland seemed to run ahead

of the nation. Suburban sprawl was commonplace around Baltimore long before it affected other cities. In spite of its southern orientation Maryland moved toward integration much faster than other states at the rim of the South.

This final caveat serves to illustrate the point that national history is built on the blocks of work at lower levels. Callcott's *Maryland and America* promises to be one of these building blocks.

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CLARK, GORDON L. *Judges and the Cities: Interpreting Local Autonomy*. Pp. xiii, 247. Chicago: University of Chicago Press, 1985. $25.00.

According to Clark, the entire spectrum of American political persuasions, including the most uncompromising conservatives, the most idealistic liberals, and the most extreme radicals, agree that local autonomy in municipal government is a good thing. Their reasons differ, of course, and that is the point of departure for this unnecessarily difficult and confusing book. Conservatives want to encourage local autonomy for the cities to reverse the drift to centralization of all government. Liberals think that they follow Alexis de Tocqueville in the belief that local autonomy preserves a sense of community in which the personal values of individuals can flourish. And radicals inclined to basic social change see the local government as a promising avenue to power.

The problem that Clark sets for himself is that with all these differing views about the value of local autonomy the term is extremely difficult to define. Borrowing from J. L. Austin, he holds that it is "open textured," or not susceptible to precise definition. Because "local autonomy" incorporates such a great diversity of meanings, state legislation and municipal ordinances relying on the term are peculiarly open to challenge in court. The courts are shown to vary beyond the ordinary limits of consistency in their interpretations. Clark offers four studies of inconsistent judicial behavior: quotas favoring the employment of women and minorities by firms under contract to rehabilitate public housing in Boston; the role of zoning authorities in the municipalities of Ontario and the powers of provincial authorities to modify their decisions; the definition of "local matters" in the states of Illinois and Colorado over which municipal authorities may enact rules and other matters over which they may not because of statewide interests. In all these case studies, judicial decisions varied from court to court and from time to time in the same court, demonstrating once again the tendency of judges to come to conclusions first and then to look for rationales.

These are difficult and important issues, especially in times when the three levels of government in this country are struggling with the proper divisions of functions among them. Clark could have written a clarifying treatise from which principles could be derived. Unfortunately, he has added to the murk. Throughout the book he draws on ideas from contemporary philosophers, not always accurately quoted or digested. For instance, I found two errors in the first two footnotes, as well as a respectful treatment of logical positivism, a fairly moribund epistemological doctrine.

More serious is a fundamental misunderstanding of Tocqueville, to whom Clark attributes "claims for the absolute virtues of local government" which that author would have unquestionably disclaimed. The admiration that Tocqueville voiced for local government in New England, where the average population of the townships was about 2000, he did not extend to the large cities, in which riots and disturbances would threaten "the future security of the democratic republics of the New World." Repression, rather than autonomy, was his prescription for American cities.

The organization of sections and chapters wanders as though adherence to an outline

were intellectual pusillanimity. Clarity of thought is not reflected in Clark's prose. What can be the meaning of these two sentences, the last in the book?

> Social relations are, in my view, being continually challenged by material life, inequality, and social alienation. And, in this sense, the failure of moral sentiments to provide the glue for social determinacy is a reflection on American society.

The total effect is that of a writer thinking out loud and putting thoughts to paper before he has decided on their significance.

Clark has not been assisted by his publisher, a house usually considered the final arbiter of scholarly style. Misprints abound, and the apparatus of footnotes and bibliography assumes the reader's infinite patience in the comparison of texts. A strict editor might have made this book accessible as a serious contribution to the resolution of urban issues.

JOHN P. CONRAD

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CLEMENT, P. F. *Welfare and the Poor in the Nineteenth Century City: Philadelphia, 1800-1854*. Pp. 223. Cranbury, NJ: Fairleigh Dickinson University Press, 1985. $27.50.

Priscilla Ferguson Clement does well to emphasize the general principles that determined the administration of welfare and poor relief. In Philadelphia, the City of Brotherly Love, they are spelled out as "the desire to treat the poor humanely, watch their actions closely, and do both as economically as possible." Some of the poor must have felt that while only rarely did individual poor-relief managers show much humanity, they were keen to spend as little as possible and eager to advise the poor on how to manage their slender resources.

In England as in Philadelphia, the rigor with which the poor were relieved depended in part on economic circumstances. Hard times for the economy as a whole were reflected in lower allowances for the poor. The exception to this was the fear of civil unrest. From Clement's well-researched book it would appear that the poor of Philadelphia were docile and did not threaten to become unruly and that therefore there was no need to reallocate resources, channeling more toward the poor because of their latent political violence.

One incident in the book, which relates how William M. Meredith in 1825 advocated the abolishment of all poor relief, might have been further explored. Thomas Chalmers, in Scotland, also believed, as Meredith put it, that the effect of all poor laws was "to destroy or diminish the virtue and industry of the labouring classes." In the voluminous papers of Thomas Chalmers held by the University of Edinburgh at New College is there any correspondence between Chalmers and the Philadelphians?

The illustrations in this volume give humanity to a scholarly work showing the poor as they were, some of them appearing to be pretty difficult cases.

OLIVE CHECKLAND

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HARGREAVES, MARY W.M. *The Presidency of John Quincy Adams*. Pp. xv, 398. Lawrence: University Press of Kansas, 1985. $25.00.

To most Americans today, John Quincy Adams is nothing more than the son of the only father-and-son pair to hold the presidency. To most historians, John Quincy Adams's stewardship of the office was either a disaster between the Monroe-led Era of Good Feelings and the Jacksonian triumph of democracy or the only failure in an otherwise brilliant career. Mary W.M. Hargreaves, in *The Presidency of John Quincy Adams*, provides a far more favorable reassessment.

John Quincy Adams was probably the most qualified and the most patriotically

public-spirited person ever to hold the presidency. His vast experience as a diplomat provided the impetus and the expertise for the program of foreign trade negotiations that he and his secretary of state, Henry Clay, initiated. It was these foreign trade agreements, coupled with other elements of the American system—tariffs and internal improvements—that boosted the young United States to its greatest prosperity in a generation. Unfortunately for the reputation of the Adams administration, many of its efforts did not reach fruition until after it left office. Adams's successors reaped the benefits and the credit.

Adams's high ideals, coupled with his introverted personality, handicapped his administration and reduced its effectiveness. Excessively tolerant of dissent, Adams refused to remove the appointees and supporters of opponents unless there was actual evidence of wrongdoing. Moreover, in trying to achieve harmony and dissipate opposition, he knowingly appointed the adherents of opponents, who then worked to delay or undermine his programs. Probably his greatest political error was his alliance with Henry Clay, whose support in the House of Representatives gave Adams the presidency in the close election of 1824. Although Clay's and Adams's views on public policy were complementary, the appointment of Clay provided the opposition with a rallying point that enabled it to unite, overcoming regional and factional differences. It was this unified opposition that led to the election of Andrew Jackson in 1828 and the curtailing of Adams's programs.

Hargreaves provides a very balanced account of the Adams administration. The reader learns what Adams intended and how he viewed his actions. Great detail is provided on how the administration was organized and how it reached decisions. Through her mastery of the sources, Hargreaves illustrates how public debate evolved on the key issues of the period.

The Presidency of John Quincy Adams is a sound and thorough study that provides an excellent synthesis of existing scholarship. It should prove to be the standard reference on the subject.

RANZ ESBENSHADE

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LINK, ARTHUR S. et al., eds. *The Papers of Woodrow Wilson*. Vol. 49, pp. xxiv, 576; vol. 50, pp. xx, 826; vol. 51, pp. xxvi, 676. Princeton, NJ: Princeton University Press, 1985. Vol. 49, $47.50. Vols. 50-51, $52.50 each.

Volume 50, *The Complete Press Conferences, 1913-1919*, the bulk of which covers the first years of Wilson's presidency, furnishes a significant check on what the Wilson papers have revealed in the wide array of correspondence and speeches that precede it and that will doubtless follow. The press conferences showed Wilson in his most relaxed posture, treating the White House correspondents as friends, responding to their queries or not, as he pleases. Wilson was always at his best with colorful generalities, and his answers bristled with them. Dominating his sessions, he could evade complex or pertinent inquiries with responses of no, yes, and "I don't know," imposing them often with good humor or stories told by "Mr. Lincoln." He passed over hard questions; once the European war broke into the news, he slowed down and then stopped the conferences because they posed too many embarrassing possibilities. The relatively few later meetings were more sober and even less revealing.

The press conferences showed an imbalance between what concerned Americans, as refracted through their journalists, and what concerned the rest of the world, the future of which was being decided on tight fighting fronts and in chancelleries. Wilson averred that he had no particular program, but collected ideas for the best consensus. That consensus involved close American concerns. Japan sought permission to colonize the state of Morelos in Mexico, but it was not evident which faction in Mexico could grant

or withhold permission; Wilson himself referred to Huerta as "a person calling himself the Provisional President." The American State Department tentatively considered protectorates for turbulent Honduras and El Salvador; the Wilson papers reported these offers as "passionately" rejected by the incumbent administrations of those countries.

The American role in Siberia, pressed by Czech legionnaires on one side and German units on the other, became almost a model of American good intentions and weak results. The Wilson government was importuned by the British to join them in resisting German aggression as predicating a "reactionary" regime arising out of Russian nationwide civil war. Neither the Allies nor Wilson showed insight into the tenacity of the Bolsheviks: that they planned to win, and to win the entire game, within Russia and beyond. Later radical claims for American policy as being aimed at undermining the Bolsheviks are here shown wholly without merit. Wilson's aim was not to destroy Lenin's regime; he expected Russians somehow to elect a liberal government with traditional Left, Right, and center. He categorically refused troop allotments that would force any particular arrangement on the country.

As shown in these volumes, the details of a coming Allied victory took up amazingly little of Wilson's time and concentration. A war industry smoothly engaged in production. Although Wilson appealed against mob violence, he would not take material steps against atrocities perpetrated against radicals and —as they were consistently then designated by their own leaders—Negroes. In a typical statement by Wilson to the National Race Congress of the United States on 1 October 1918, he said:

> You have certainly interpreted my purposes correctly, and every man is surrounded by all sorts of limitations of which I am impatiently aware, and you may certainly be sure that everything in my power to accomplish justice will be accomplished. We all have to be patient with one another. Human nature doesn't make great strides in a single generation

On the larger international front his "limitations" were even more clearly defined Although American soldiers made a difference, revealing German tiredness and inability to win, the European Allies planned to win fully over Germany in 1919 and to posit unconditional surrender as a first consideration. So, in effect, did Wilson. He was not swayed by evidence that the German government and the German people were agreeable to compromise, even to the extent of giving up army-won territorial gains. The fateful negotiations of Colonel House in the chambers of the Allied councils amounted to a total acceptance of their interests and claims. The American journalist Frank I. Cobb foresaw somber results from Wilson's version of consensus:

> The President, if he is to win in this great battle for human freedom, must fight on his own ground in Washington. Diplomatic Europe is all enemy soil for him. He cannot make a successful appeal to the people of the world here The official surroundings are all unfavorable.

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REICHLEY, A. JAMES. *Religion in American Public Life*. Pp. x, 402. Washington, DC: Brookings Institution, 1985. $31.95. Paperbound, $11.95.

Most responsible Americans must be concerned—and some mystified and alarmed—at what appears to be a strong revival of religion in American political life. To the generation that came to maturity during the Great Depression and World War II it seemed that religious controversy had been largely laid to rest in favor of more immediate and pressing problems. The issues of those times seemed largely unrelated to sectarian views, so much so that even the Holocaust, which in retrospect was certainly the main moral issue of the times, was a vague and remote evil.

But all this has changed: practically all the political issues since the 1960s—civil rights, the Vietnam war, nuclear disarmament, women's rights, abortion—involve moral issues. Most of the mainline churches, whether Catholic, Jewish, or Protestant, whether fundamentalist or traditionalist, have become increasingly activist in their stance. Until the 1970s most of the activism tended to favor liberal causes, and this is probably still the tendency in a majority of cases. More recently, however, certain fundamentalist groups have embraced the new conservatism in politics and the two groups encourage and strengthen one another.

To those seeking understanding of this baffling situation, Reichley's book does not provide all the answers, but it does provide historical background, factual data, and a framework of analysis that aid in understanding. In its narrative chapters the book traces the role of religion in American history from the seventeenth century to the present, examines the intentions of the framers of the Constitution, and explores the evolving interpretations of the courts over the years. In the analytical chapters some seven value systems that aid in understanding the relation between politics and religion are discussed. In other words, methodologies and insights from various fields—history, political science, and philosophy—are brought to bear.

In a short review it is not possible to do full justice to the rich harvest of information and revelations presented in this book, but at least one point might be mentioned. Pondering some of the facts presented over the course of American history, one realizes that the proper relationship between religion and politics can be solved on a theoretical level, but is much more complicated on a practical level. It is possible to come up with a verbal formula that seems to cover the possibilities, but much more difficult to apply the formula to real-life situations. For example, Thomas Jefferson, as thoughtful a man as ever wielded extensive power in the American Republic, fancied he had settled the matter when he labored for the enactment of the statute of religious freedom in Virginia and proclaimed a "wall of separation" between church and state. Yet as president—in the daily task of making democracy work—he longed for the simplicity, cohesiveness, and good behavior that religion might encourage. How to bring the benefits of religion to the service of the state? How could the state usefully foster religion? He found no satisfactory answer to his dilemma—except in theory—and neither have any of his successors, in or out of office.

Any discussion of religion and politics is apt to evoke a variety of emotional responses. Even some of the most eminent scholars are likely to approach the matter with certain preconceptions. Reichley seems to have accomplished the nearly impossible: if he has a strong bias in any direction I have failed to detect it. If thorough research and dispassionate analysis can aid in the discussion of public questions, this book will surely do so.

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ROSS, STEVEN J. *Workers on the Edge: Work, Leisure and Politics in Industrializing Cincinnati, 1788-1890.* Pp. xx, 406. New York: Columbia University Press, 1985. $35.00.

Workers on the Edge is a welcome addition to a growing list of historical monographs whose authors are involved in a project of major significance to both workers and scholars: to tell the story of the making of the American working class in a nation whose historians have traditionally denied the existence of class. In recent years, young labor historians have uncovered a rich history of working people in numerous nineteenth-century cities and towns, primarily in New England and the mid-Atlantic region. Steven Ross now directs our attention to the Midwest, subjecting to intense scrutiny the Queen City, Cincinnati, Ohio.

The story Ross tells will be familiar to American labor historians. To be sure, nine-

teenth-century Cincinnati had its own special set of characteristics, owing mainly to its staggering growth from a small frontier settlement to a major metropolis in barely two generations and its strategic location in an area of immense natural resources astride key transportation routes. Nevertheless, Cincinnatians experienced the wrenching changes of the industrial revolution in much the same way as their counterparts in New York, Philadelphia, Newark, and Boston did. The combined and uneven nature of industrial development, the powerful cultural dimension of political struggles, a labor ideology fashioned from the republican heritage of the American Revolution, and the potential difficulties for working-class unity posed by these and other factors—this is a familiar tale. What is distinctive here is that Ross has told the tale more clearly, covering a longer period of time, and with greater attention to the broader context of class formation than anyone has previously.

Indeed, Ross has produced a study that transcends the narrow confines of labor history. He chronicles the rise of the city and the industrial revolution as well as the emergence of a wage-earning class. He writes about changes in leisure and associational life as well as about changes in work and in the workers' standard of living. He considers capitalists as well as workers, ideology and culture as well as economics, "political history" as well as "social history." No doubt, specialists will quibble. For the general reader, however, this book is the best introduction to the subject.

Workers on the Edge will not be without its controversy. Historians will be particularly interested in Ross's contention that changes in the organization of production, rather than, say, immigration patterns or political events, form the most appropriate parameters for the study of Cincinnati workers. Perhaps most controversial, though, will be his conclusion that workers' experiences—on the job and in the community—were so fragmented by skill, income, age, gender, ethnicity, religion, and party affiliation that it is misleading to talk about a single working class at all, save for brief moments in time. The irony will surely not be lost on the discerning reader: a book that is self-consciously part of a larger collective effort to rescue the American working class from the national myth of a classless America suggests that, at least in the critical years of class formation, American workers formed less a class than a congeries of disparate fragments.

JAMA LAZEROW

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SCHAPSMEIER, EDWARD L. and FREDERICK H. SCHAPSMEIER. *Dirksen of Illinois: Senatorial Statesman*. Pp. xvi, 269. Urbana: Univerity of Illinois Press, 1985. $19.95.

Everett McKinley Dirksen had a long and—to find truth in a cliché—truly distinguished career in the U.S. Congress. He served in the House of Representatives from 1932 to 1948 and in the Senate from 1950 until his death in 1969. He became the Republican minority leader in 1959. Through his ability to create consensus among Republicans of all ideological shades and to work and compromise with Presidents Eisenhower, Kennedy, and Johnson, Dirksen became one of the most influential members of Congress during the 1950s and 1960s. History professors Edward L. Schapsmeier of Illinois State University and Frederick H. Schapsmeier of the University of Wisconsin at Oshkosh have written a sound and interesting political history of this "senatorial statesman," the first biography to make extensive use of Dirksen's personal papers. The book, as the concluding chapter makes clear, has a broader goal than simply portraying Dirksen's career. The Schapsmeiers ultimately hope that, at a time when American politics seems to be suffering from gridlock, inspiration can ber gained from examining the career of a consummate politician.

The book begins with a brief discussion of

Dirksen's formative years in Pekin, Illinois, and service in the House of Representatives during the Roosevelt years. Most of the historical analysis focuses upon his Senate career. During Dirksen's first decade in the Senate, his image as a prominent member of the conservative wing of the Republican Party derived from his strong backing of Robert Taft in the 1952 convention and his initial support of the McCarthy movement, but gradually changed as his relationship with President Eisenhower deepened, especially after he became minority leader. The elections of Presidents Kennedy in 1960 and Johnson in 1964 meant that Dirksen as minority leader had to assume a more oppositional role. In fact, he became probably the preeminent spokesman for the Republicans between 1961 and 1968, especially through his participation in what has been called the Ev and Charlie show, and he used his considerable influence to try to minimize and hold back many aspects of the New Frontier and Great Society that he felt were taking America down a road toward welfare socialism. Still, he maintained a good working relationship with both Democratic presidents, who had been his Senate colleagues, and generally supported a bipartisan foreign policy, particularly on cold war issues like Vietnam. He also played a pivotal role in overcoming conservative opposition to and passing such important legislation as the Nuclear Test Ban Treaty and several civil rights bills.

While the Schapsmeiers' great respect for their senatorial subject is quite clear, they have produced a good and generally balanced historical biography. They describe well the major events in Senator Dirksen's career, and their writing style is direct and quite readable. For the context of broader political history, this analysis also supports the revisionist view of Dwight Eisenhower as a skilled political leader. The one shortfall of the book is that it provides little direct analysis of why Dirksen acted as he did when facing the critical choices every politician must make, such as whom to support for president or how to vote on a key bill. Here, Dirksen's papers should have provided invaluable evidence. Still, the book does an excellent job of portraying the characteristics that brought Dirksen to the top of his chosen profession—his acting ability and facility with words, a friendly and winning personality, his generally centrist position within the Republican Party, and a genius for finding and striking workable compromises.

CAL CLARK

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WEKKIN, GARY D. *Democrat versus Democrat: The National Party's Campaign to Close the Wisconsin Primary*. Pp. x, 253. Columbia: University of Missouri Press, 1984. $22.00

Gary D. Wekkin of the University of Central Arkansas draws on his dissertation research to chronicle the ten-year struggle over Wisconsin's open primary. As delegate coordinator for the state party, he was able to use interviews with 64 participants; papers of Governor Lucey and his aides, public and party officials; and newspapers, election returns, a voter survey, and legislative records. He was also privy to party and legislative meetings and communications. The result is a finely detailed case study of recent Wisconsin politics set loosely into a context of Democratic Party fights.

Questions also are raised about (1) party cohesion in our federal system; (2) the meanings of party membership; (3) conflicts over Tenth Amendment-based state control of party activities and national party obligations to members under the First Amendment; and (4) the populist against the corporate view of election participation.

Such well-known students of party organization as Cotter, Crotty, Elazar, Epstein and especially Raney and Schattschneider are cited to explain the parochial character of local partisans and the tendency of national candidates to ignore ideology, principle, and party loyalty in the pursuit of votes.

This book is largely a historical account of the conflict between the Democratic National Committee (DNC) and the Wisconsin Democratic Party, starting with the 1974 DNC delegate-selection rules requiring primaries open only to self-proclaimed Democrats, adopted after the 1972 McGovern-Nixon race. The McGovern nomination—and subsequent defeat—are somehow attributed to his seemingly surprising early Wisconsin primary win, where Democratic contenders drew four times the vote of the Republicans entered, and polar candidates McGovern and George Wallace finished first and second in a large field of moderates. Wekkin describes subsequent DNC efforts to implement its rules and Wisconsin Democrat maneuvers, successful in 1976 and 1980, to delay, deflect, and stonewall. The U.S. Supreme Court ultimately upheld the DNC, and Wekkin ends with the 1984 closed primary.

The denouement is still to be written as current DNC leaders, in efforts to broaden party support and restore unity, back away from primary reform. Wisconsin Governor Earl, praising the DNC commission proposal to drop the closed-primary requirement, has suggested that the 1984 primary contributed to the lowest Wisconsin Democratic turnout in 30 years.

Unfortunately Governor Earl's conclusion illustrates the myopia afflicting local politicians and thus case studies about them. Wekkin has to imply that Democratic division over primary rules was vital in presidential outcomes. The case hinges on the 1972 McGovern Wisconsin primary win. But how are we to conclude that the Wisconsin primary was a critical factor in any Democratic setback over this period?

Many factors affect state primary, nomination, and general election results, and these must be weighed carefully in a complex matrix. Rates of participation and distribution of support for various candidates at various stages in the race among voter subsets are influenced by perceptions of the salient characteristics and issue positions of the then-viable candidates. Differential organizational efforts; patterns of partisan identification and intensity; objective events and conditions as they are linked to the candidates; and each prospective voter's assessment of his or her own vote's value in the election result are all important factors. For example, participation was high in the multi-candidate, hotly contested 1972 Democratic primary, but not on the Republican side, where incumbent Nixon was a shoo-in. Nor is there any paradox in McGovern's subsequent Wisconsin general election loss or in Nixon's national landslide. It had little or nothing to do with Democratic delegate-selection rules.

These procedural fights are better seen as the result of a series of polarizing Democratic presidential candidacies thrown up by a disintegrating, oversize majority coalition fragmented by sectional and factional struggles between disaffected blacks, feminists, unionists, ethnic minorities, regions, religious groupings, economic interests, and so on.

Wekkin provides interesting details about party inner workings, but leaves the larger questions unresolved. What nominating mechanism would best aggregate group preferences and at the same time contribute to party harmony and electoral success? Indeed, this study does not even help us determine how important nominating processes are. There is also a tendency here to exaggerate Wisconsin's impact on the national scene and to downplay the underlying forces at work across the national electorate.

One finds little here about the new world of presidential campaigning—the computerized high technology of resource allocation, scheduling, mass mailings, polling, voter-profile analysis; of political action committees and public funding; of single issue groups; or of the opportunities for the incumbent's control of events and the issue agenda. In this larger context, the changes in Wisconsin primary rules may just be glitches in the computer printouts.

FREDERICK J. ROBERTS

Illinois State University
Normal

SOCIOLOGY

FRANK, ROBERT H. *Choosing the Right Pond: Human Behavior and the Quest for Status.* Pp. x, 306. New York: Oxford University Press, 1985. $22.95.

Robert H. Frank, associate professor of economics at Cornell University, states at the outset that "this book is about the consequences of people's concerns about where they stand on the economic totem pole. Its primary theme is that these concerns shape people's behavior in systematic, observable and often unexpected ways." The focus and scope of Frank's book, however, is much broader and more encompassing than his initial statement indicates. Frank begins by arguing that people's status in local hierarchies is more important than their status in the overall population and that membership in a local hierarchy is to a large extent subject to one's control. Therefore, "choosing the right pond" is an important issue relative to a person's status. This is especially the case since the "price of a person's status" and earning power is related not to traditional economic theories about the competitive labor market, but to the closeness of contact and the intensity of interaction among co-workers. Frank states, "Wage schedules will be flattest in those firms in which co-workers interact most intensively." So, working in a real estate firm, where there is little contact with co-workers, may still provide more opportunity for interaction and thus less descrepancy between wages than working in the military, which is a more closed bureaucracy with defined interaction patterns. Frank gives numerous insightful and humorous examples in building his arguments to this point in his book, chapter 5.

For chapters 6 through 12, the focus of the book changes from a somewhat micro to a macro perspective. For example, chapter 6 is entitled "Why Redistributive Taxation"; chapter 7 is "The Positional Treadmill"; chapter 8, "Collective Protection of Inconspicuous Consumption"; chapter 9, "The Left's Critique of Capitalism"; and chapter 12 ends with "The Libertarian Welfare State." It would be impractical to attempt to summarize Frank's major arguments in these chapters in this limited amount of space. It should be noted, however, that Frank poses and gives convincing arguments here to questions he sets out earlier in the book. Such questions are:

> Why do most countries have redistributive tax programs? Would forced savings programs be beneficial even if people had perfect foresight and ample self-discipline? Why do societies impose ethical sanctions against the sale of transplantable organs, babies, and sex? Why are there ethical objections to using cost-benefit analysis for health, safety, and environmental issues? Why is there widespread aversion to relying primarily on private markets for the provision of education services (p. 4)?

Most refreshing about Frank's approach is that he is not a Marxist or a traditional economic thinker. He presents an original and pragmatic approach for thinking about economic problems. His arguments suggest that people seek unrealistic economic status and by so doing threaten their own safety, income potential, and other social and economic outcomes. By using cost-benefit analysis on social and economic decisions, Frank shows how more equitable solutions can be derived. Perhaps his originality can best be summarized in his own words: "This book is in essence . . . both a reinterpretation and a reaffirmation of the status quo in the modern welfare state."

There were several major problems I experienced in reading the book. First, the book jumped from the individual to the societal level in abrupt ways. I found transitions uneven and even confusing. Second, the book reads more like a series of independent articles than a cohesive work. I had to strain to find the major arguments within and between chapters. Also, if one is not an economist, the book does strain one's vocabulary and interest in several places. Finally, although Frank is apologetic for using sociological and psychological perspectives, as he is an amateur in these fields, some of his references and omissions of literature—such

as organizational behavior studies on equity theory—are noticeable and seem contrived to support his arguments.

Nevertheless, Frank's humor, helpful examples, and explainable economic theory are an added value to the substantive arguments he makes and makes well. The book is well worth the effort to read.

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MISHRA, RAMESH. *The Welfare State in Crisis*. Pp. 208. New York: St. Martin's Press, 1984. $25.00.

HECKSCHER, GUNNAR. *The Welfare State and Beyond*. Pp. 271. Minneapolis: University of Minnesota Press, 1984. $29.50. Paperbound, $12.95.

These two volumes discuss the rise and stagnation of the principal domestic policy goal in the West since the end of World War II. They are both timely and provide considerable insight into the sources of the modern welfare state, its main political and policy goals, and the difficulties encountered during the turbulent past 15 years. Each is different, however, in approach and focus.

Mishra's volume is a study of the general theories behind the welfare state. It is a concise and useful survey of changing political and social thought. With reference primarily to the British and American experiences, it includes other Western examples primarily as alternative cases by which the accomplishments and shortcomings of the Anglo-Saxon countries may be judged. It seeks answers to two fundamental questions. First, why have the comparatively modest commitments to social policy in the United States and Britain been criticized extensively from the left and the right of the political spectrum? Second, have other countries found sounder bases and institutions for an effective and dynamic welfare state?

At the outset Mishra identifies two "pillars" for the welfare state. The first are the Keynesian policies for economic management, which in various forms became universally accepted in advanced capitalistic societies after World War II. The second he calls after William Beveridge, whose seminal study of social problems in Britain led to a set of universal protections against the social hazards of market economies based on insurance principles. Both men are clearly associated with the British experience, but their remedies have analogies in nearly every Western society. Considerable detail is then given to the main critics of these approaches to social and economic policy. The Right with its emphasis on laissez-faire and market mechanisms, and the Marxian Left with its calls for greater collectivism and militant class action, have both been dissatisfied with the economic and social policy package. Clearly in real political terms the Right has had greater opportunity under Margaret Thatcher and Ronald Reagan to practice what it preaches. At the time of writing, conclusive results may have been premature, but the Thatcher government has not succeeded in significantly winding down the British welfare state, nor have its economic policies other than on the inflationary front yielded impressive results. The recovery from the sharp Reagan recession had just begun as Mishra was completing this work, but significant cuts in social policies exacerbated by tax changes indicated that in the United States at least the conservative agenda was further advanced.

An interesting analytical distinction is made between the differentiated welfare state, in which the social welfare sector is generally autonomous with respect to the economic, industrial, and public sectors, and the integrated welfare state, in which social policy is closely tied to these sectors. Austria and Sweden serve as examples of the corporatist approach to social policy. Mishra finds their accomplishments both empirically and theoretically appealing.

Gunnar Heckscher's book is also comparative, but with a more narrow geographic

focus. Scandinavia serves as his example of the accomplishments and shortcomings of the welfare state. In fact, most of his attention is on Sweden, which Heckscher knows both as a scholar and practicing politician—he is a former leader of the Swedish Conservative Party. Heckscher is judicious in his claims for the achievements of the Scandinavian countries in social policy as well as in his analysis of their current problems, both of which are nevertheless quite real. He happily avoids the sweeping generalizations and exaggerations of some partisans and critics. Heckscher discusses both the historical development of social and economic policy in Scandinavia and the mechanisms by which it is executed. Although accepting of the overall panoply of social and economic policies that have brought prosperity and social justice to Scandinavia, Heckscher worries about soaring economic and administrative costs. Among these worries are the high tax rates that may stifle economic initiative while stimulating a new national pastime: tax avoidance. He also notes the rise of distressing forms of social pathology that have proven resistant to traditional social policies. In several contexts he notes that a compartmental approach to public policy may neglect the overall political, social, and economic balance. The tone is consistently cautious and sober, which is a refreshing change from more partisan tracts.

Both volumes are highly informative without being pedantic. Both generate more light than heat in what is too important a matter to be left to propagandists.

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SHOTLAND, R. LANCE and MELVIN M. MARK, eds. *Social Science and Social Policy*. Pp. 375. Beverly Hills, CA: Sage, 1985. $29.95.

Shotland and Mark have edited a collection of 14 essays in honor of Carolyn Wood Sherif that concern a wide-ranging debate among social scientists as to why social science is not very influential with decision makers. Essays range from how social science might influence an area of public policy such as school desegregation to such issues of theory included in "Postpositivist Critical Multiplism," the lead article. The key issue is raised by Pettigrew in his article, "Can Social Scientists Be Effective Actors in the Policy Arena?" Despite their original intent, nearly all the authors provide good reasons why social science is irrelevant to the political world.

Overall, the clearest statement of why social science has so little social impact is made by Robert L. Cain and Karen Banks Carsrud. In discussing school desegregation, they point out that the knowledge that is needed by school boards is not produced by the academics who dominate what is produced. Rather than address such practical questions as to how to improve school discipline or reduce violence or how city size influences school problems, academics study other issues. Indeed, a Rand survey showed that the quality of practical advice given with a research contract declined sharply as the prestige of the university holding the contract increased. The conclusion is that school districts need to have internal evaluators who will answer practical problems since prestigious social scientists are almost proud that their research does not lend itself to any immediate applications.

These articles are written for the academic audience. While there is little hope that professional associations, including the American Sociological Association, will ever take a book like this to heart, anyone interested in studying why the public has so little interest in social science today would do well to read and reread this interesting collection of articles.

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TYOR, PETER L. and LELAND V. BELL. *Caring for the Retarded in America: A History*. Pp. xvi, 215. Westport, CT: Greenwood Press, 1984. $29.95.

Peter L. Tyor and Leland V. Bell have set out to describe the history of the mentally retarded in America, "a story of a hidden community, a group of persons . . . traditionally viewed with pity, scorn and contempt, who have been organized and contained on the periphery of society." This is a topic that, unlike the history of the treatment of the mentally ill, criminals, and the poor, historians have largely ignored. Based on an extensive examination of such printed primary sources as institutional reports, state documents, and the contemporary periodical literature, Tyor and Bell have set out to correct this neglect with a basic narrative history of the treatment of the mentally retarded in the United States since the early nineteenth century.

The story will be familiar to those who have investigated the development of the care of other institutionalized populations in the United States. Before the Civil War, reformers established institutions for the retarded that were intended to ameliorate their condition. Most of the retarded were expected to return to the community after a brief period of training. After the Civil War, the training schools began to fill up with inmates. The discharge rate failed to meet the optimistic expectations of antebellum reformers, and a rationale for custodialism, based upon the protection of both the retarded person and society, began to emerge. By the turn of the century, the discovery of the defective delinquent added another rationalization for custodialism: the incapacitation of the mentally retarded person, who was now seen as a threat to society. Segregation and surgical procedures to sterilize the retarded became significant in the Progressive era.

The advent of intelligence testing and its application to a large cross-section of the population during World War I began to suggest that the phenomenon of retardation was much more broadly distributed than had been earlier imagined and that most retarded individuals functioned more or less acceptably in the community. In any event, the possibility of institutionalizing all of those who were labeled retarded was remote. After World War I, emphasis shifted toward the development of special education programs in the public schools, the integration of the retarded individual in the community, and eventually to the sheltered workshop. These trends developed gradually through the next third of a century, until President John F. Kennedy made a significant federal commitment to improve the lot of the mentally retarded. During the 1960s and 1970s, the crusade for the retarded was sparked by new concepts including community integration, normalization, and the prevention of retardation.

Tyor and Bell do a competent job of reviewing these developments and placing them in a larger social and political context. Particularly valuable is the discussion of the transformation of the training schools for the retarded into long-term custodial institutions. In part, this transformation was the result of the emergence of a new generation of institutional leadership; in part, it was the result of unrealistically optimistic expectations of the training school founders. Because Tyor and Bell rely primarily on official statements contained in annual reports, state documents, and the periodical literature, the book seldom delves below the surface of official ideology and wishful thinking. In one sense, it is really a history of what institutional leaders believed or wanted to believe. Tyor and Bell fail to adopt a critical stance or to go beyond the printed primary sources. For example, they emphasize the humanitarian aspects of the deinstitutionalization movement of the 1970s, but scarcely mention the fiscal motives for deinstitutionalization. States emphasized community placement of the retarded partly as a means of promoting normalization and the integration of these citizens into society. Deinstitutionalization was also motivated, however, by a desire to cut costs during a period of fiscal crisis, an

aspect of the deinstitutionalization movement totally neglected in the volume under review.

In summary, Tyor and Bell have performed a service in providing a usable narrative history of the care of the mentally retarded in the United States. All of the major figures and trends are here; also provided are copious footnotes and a useful bibliographical essay. One might wish for a more critical examination of this history, but until one is written this book will provide a useful and convenient source of information on the topic.

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ECONOMICS

BERRY, JEFFREY M. *Feeding Hungry People: Rulemaking in the Food Stamp Program*. Pp. xi, 182. New Brunswick, NJ: Rutgers University Press, 1984. No price.

SOWELL, THOMAS. *Markets and Minorities*. Pp. xi, 141. New York: Basic Books, 1981. $13.50. Paperbound, $6.00.

Berry has written a book with the broad goal of understanding the role of regulations in the development of social policy. For Berry, the important questions are: what is the degree and range of rational behavior by political actors in the development of social policy? Who is accountable for what in the development of social policy? How is the audience that is affected by social policy involved in the legislative process? In short, in the everyday world of rule making, what are the expectations and accomplishments of decision making in a political system that values representation?

To examine the preceding questions, Berry undertakes a lengthy analysis of the food stamp program. The food stamp program is selected for analysis because it appears to have always been under scrutiny by either its supporters or its opponents. Aside from being an extremely detailed account of food stamp legislation, two things stand out in Berry's analysis: (1) the political manipulation in linking the food stamp program during the Roosevelt administration with the poor as relief for the farmers; and (2) the current use of food stamp rule-making to bring about welfare reform and distribution uniformity in the system. Berry's review of these two issues clearly demonstrates not just the vulnerability of the food stamp program to the rule-making process, but also its openness to legislative and bureaucratic manipulations.

Finally, in the second part of his book, Berry examines specific issues in political theory regarding the role and interest of congressmen in the rule-making process. By demonstrating that there is really very little to gain from direct participation in rule making, Berry argues that congressmen become involved in the rule-making process because it allows them to expand their sphere of oversight activity and to employ their staff in a highly selective activity that will expand their oversight activity. In short, congressmen expend time and energy in the rule-making process because it allows them to keep a bird's-eye view of most legislative activity and because it provides them with the opportunity to use the oversight process as a means of identifying politically rewarding issues. Berry thus argues that contrary to popular perceptions that congressmen are not involved in the rule-making process, congressmen in their quest for selective issues actually participate to a greater degree in the legislative process than if they were simply searching for specific issues.

In *Markets and Minorities*, Sowell has written a book that attempts to demystify the association between race or ethnicity and status characteristics, such as income, education, and occupation, in American society. To examine the association, Sowell takes the reader through a meta-theoretical exercise in which different social features, such as age, are crosstabulated with race or ethnicity. As

a result, Sowell is able to demonstrate that commonsense perceptions about race or ethnicity fall apart when one examines them as theoretical statements and then tests their validity. For example, by examining the median age for different ethnic groups, Sowell shows that those ethnic groups with the highest median age also tend to have higher median incomes. Thus, just being a member of an ethnic group is not sufficient for explaining, for example, low-income status. Instead, one must look at the ethnic group's presence, vis-à-vis age, in the labor market.

The chapters "Economics of Slavery" and "Government and Minorities" are perhaps the most interesting in Sowell's book. The chapter on slavery provides the reader with a solid working knowledge of slavery as a social system. By examining the costs of slavery, Sowell shows that it really cost more to have slaves than there were economic rewards to be gained. For example, slave owners did not really derive status from owning slaves to the degree that it is assumed they did. Rather, status was derived indirectly from the ability of slave owners to control slaves and thus shield white society from them.

One thing that stands out in the chapter "Government and Minorities" is that the political process may not be the best means for a racial or ethnic group to pursue issues of equity in the United States. For example, the turning over of governmental powers to private interests has led to the greater exclusion of minorities in activities such as trade union membership and occupational licensing. Even the government's involvement in fair housing has resulted, to a degree, in a larger range of slum housing conditions for minorities.

Finally, while *Markets and Minorities* is extremely readable and relatively free of jargon, it does assume that the reader has some comparative knowledge of racial or ethnic groups in American society. I would recommend that the interested reader review Sowell's other book, *Ethnic America*, as background material for *Markets and Minorities*.

Feeding Hungry People and *Markets and Minorities* complement each other very well. Their subjects are audiences that, despite their representative numbers in American society, are still relatively powerless and politically underrepresented. Where the poor have largely depended on external interest groups to represent them to legislators, minorities have come to depend on the government as their agent for representation. While the poor and minorities have made relatively small gains, both books make it clear that their relative level of dependent representation may curtail, rather than promote, their equality in American society.

The ultimate issue for both these books is the need to reduce the level of victimization certain groups in American society must trade off in their quest for equality. Berry makes it clear that gains in the food stamp program have been made only when the need for bureaucratic expansion was created. Sowell demonstrates that governmental support of affirmative action initiatives declined once the costs of discrimination were perceived to be low to American society. In this sense, the poor and minorities will only make gains in American society when their costs exceed their rewards.

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BRICKMAN, RONALD, SHEILA JASANOFF, and THOMAS ILGEN. *Controlling Chemicals: The Politics of Regulation in Europe and the United States*. Pp. 317. Ithaca, NY: Cornell University Press, 1985. No price.

This is a noteworthy contribution to the growing literature about how society might optimally enjoy the benefits of advanced technology while protecting itself against the hazards of that technology. Brickman and his colleagues examine how the United States, Great Britain, France, and West Germany have approached the control of chemicals—

especially carcinogens—in pesticides, food additives, the workplace, and those subject to premarket testing and notification. Their aim is to identify significant convergencies and differences in policymaking among the four nations and to interpret them in terms of each nation's political, legal, and scientific institutions.

Along the way, they also demonstrate both the global nature of the interactions between society and technological change and the global scope of the economic and scientific implications of regulatory decision making. Such globalization is a powerful, but latent, force toward harmonizing national policies.

Brickman, Jasanoff, and Ilgen conclude that the Europeans have achieved about the same level of public protection as has the United States, but at lower direct and opportunity costs and with less burden on their political institutions. U.S. costs and burdens are seen to be associated principally with the scope of regulatory authority and the openness of the U.S. decision-making process. The U.S. Toxic Substances Control Act applies to both old and new chemicals, process intermediates as well as products. The openness of the process encourages public participation, but guarantees adversarial fact gathering. Overly detailed judicial review of administrative decisions adds delays and further costs.

Social and political scientists will find much to ponder here. Chemists will gain broader understanding of the social and political dimensions of their profession. The book is meticulously documented; the organization and style are very good. One hopes that further research along these lines will be pursued, leading to specific suggestions for globally rationalized, effective, and economical regulatory policies.

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ROTHWELL, ROY and WALTER ZEGVELD. *Reindustrialization and Technology*. Pp. vi, 282. Armonk, NY: M.E. Sharpe, 1985. Paperbound, no price.

Rothwell and Zegveld contend that reindustrialization—the "structural transformation of industry into higher value-added, more knowledge-intensive sectors" and the "creation of major new technology based industries and products serving new markets"—can only occur effectively when government achieves overall coherence in its policies to create favorable climates in the economy, in the form of low interest rates and moderate taxes; the society, by overcoming social and institutional resistance to change; and politics, by avoiding abrupt political swings and policy changes. For support, they marshall a most impressive body of knowledge about all those fields, but, most important, about technology and innovation.

They examine structural change in industry in the light of trends in public policy and international trade occurring in Western Europe, Japan, Canada, and the United States. Accepting Schumpeter's notion that technical revolutions drive economic growth, they persuasively argue that we are now rising out of the trough of the Fourth Kondratiev Wave, even identifying 10 areas of techno-economic activity that might form the basis for an upswing.

Formidable obstacles to reindustrialization, having deep policy implications, include society's resistance to rationalization-induced technological change; the structure of capital markets and the huge capital investment in obsolescent plants and processes; and structural rigidities and mismatches in the major national institutions that provide research and development, standards and certification, and industry support. Of course, government regulatory policy, especially in the United States, is identified as the greatest single influence on the pace and direction of reindustrialization.

Although Rothwell and Zegveld fall a little short, to my mind, of establishing their

sweeping primary contention, they have produced a thoughtful, comprehensive work, succinct and clear. The chapters "Technology, Industry, Trade and Cycles"; "The Process of Technological Innovation"; and "The Role of Technology-Based Small Firms" are especially valuable. The index is superb.

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